



3 1761 11552708 7





Digitized by the Internet Archive  
in 2022 with funding from  
University of Toronto

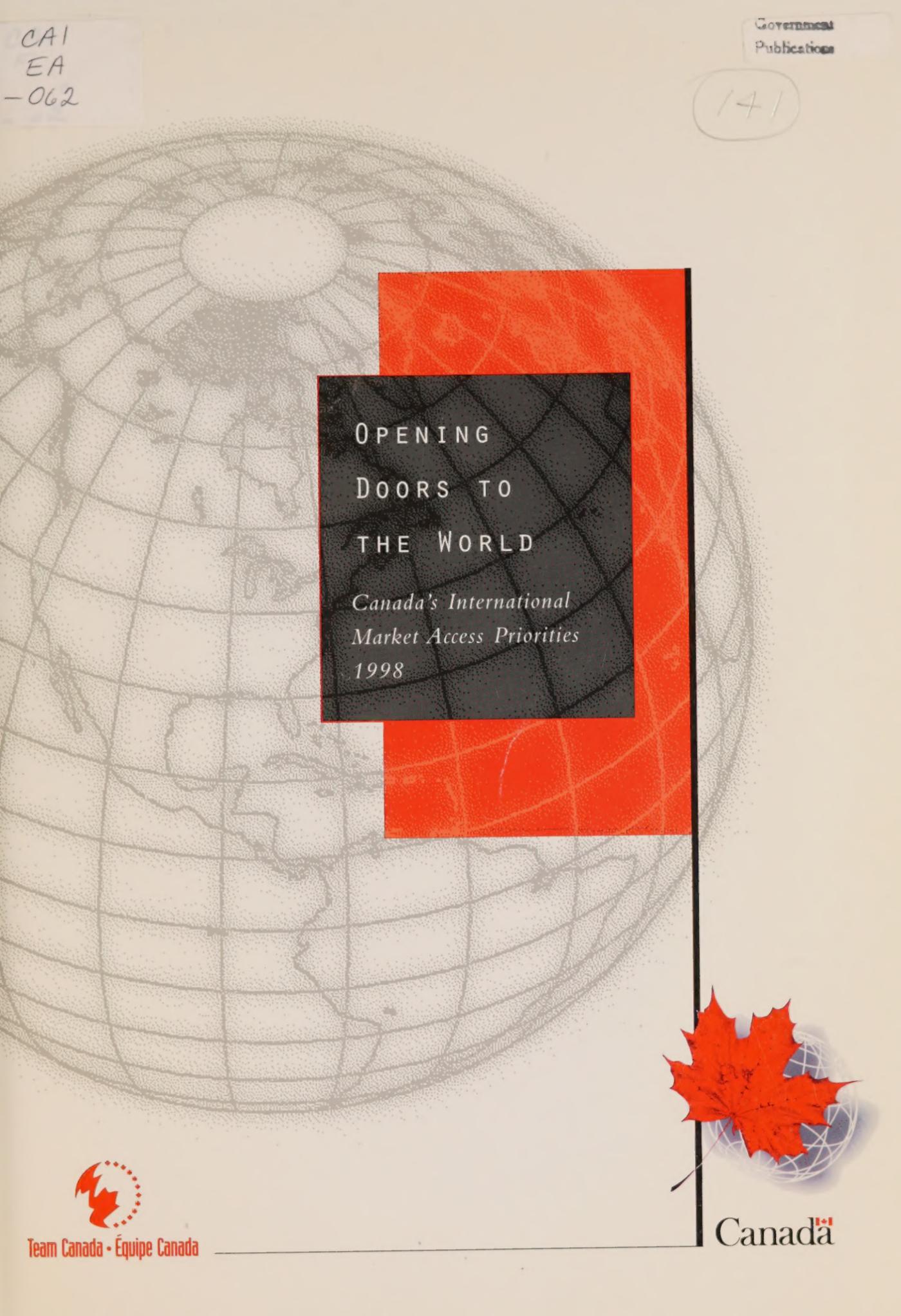
<https://archive.org/details/31761115527087>



CAI  
EA  
-062

Government  
Publications

141



OPENING  
DOORS TO  
THE WORLD

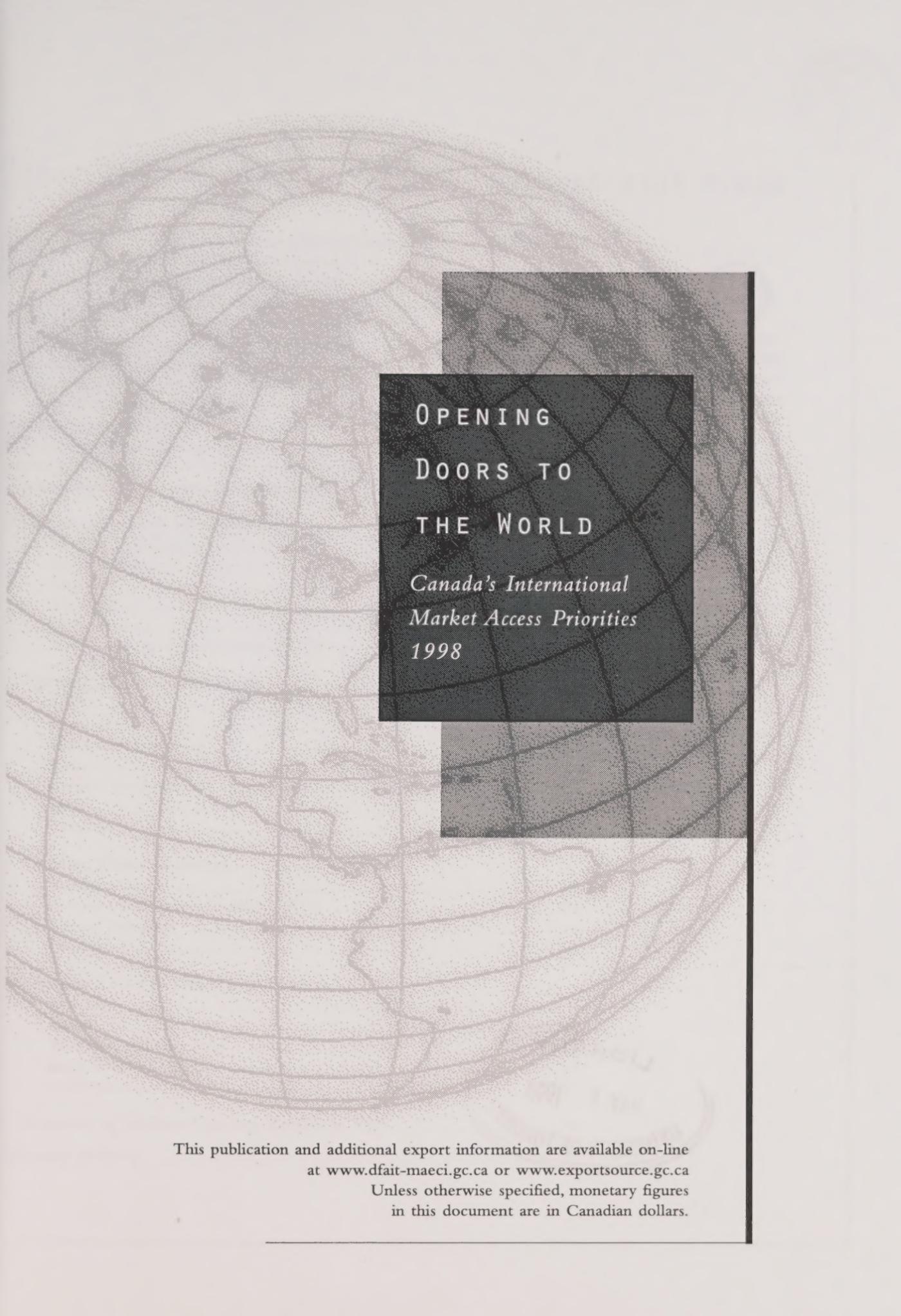
*Canada's International  
Market Access Priorities  
1998*



Team Canada • Équipe Canada

Canada 

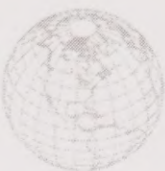




OPENING  
DOORS TO  
THE WORLD

*Canada's International  
Market Access Priorities  
1998*

This publication and additional export information are available on-line  
at [www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca) or [www.exportsource.gc.ca](http://www.exportsource.gc.ca)  
Unless otherwise specified, monetary figures  
in this document are in Canadian dollars.



## ABOUT THIS DOCUMENT

**O**pening Doors to the World: Canada's International Market Access Priorities, 1998 outlines the Government's priorities for improving access to foreign markets for Canadian traders and investors through a range of multilateral, regional and bilateral initiatives in 1998. It also presents significant market-opening results from 1997 that will benefit Canadian business. Subjects range from Canada's broad negotiating objectives at the World Trade Organization, to the details of specific bilateral trade irritants. It is not intended as an exhaustive catalogue of Government activities to improve access to foreign markets, nor as a comprehensive inventory of foreign barriers to trade or investment.

The Department of Foreign Affairs and International Trade (DFAIT), and its Embassies and missions abroad, co-ordinated the preparation of this report, with the assistance of other federal government departments (especially Agriculture and Agri-Food Canada, Finance Canada and Industry Canada), as well as provincial governments, and, of course, Canadians doing business abroad. Its contents are current up to the end of February 1998.

*Opening Doors to the World: Canada's International Market Access Priorities, 1998* updates and expands on topics presented in Canada's International Market Access Priorities 1997, which was released by the Minister for International Trade in March 1997. That report succeeded an annual publication, the Register of U.S. Barriers to Trade, that had been prepared by DFAIT since 1993. While recognizing the vital importance of the U.S. market, the current approach reflects Canada's broader interests and the importance of work in such fora as the WTO to strengthen the disciplines governing global trade and investment flows.



# TABLE OF CONTENTS

<i>Message from the Minister for International Trade</i> .....	5
<b>1. Introduction</b> .....	7
<b>2. Getting the International Rules Right: The World Trade Organization</b>	
Improving Access for Trade in Goods .....	11
Improving Access for Trade in Services .....	13
Government Procurement .....	14
Trade Remedies .....	15
Dispute Settlement .....	15
Accessions to the WTO .....	16
<b>3. Investment</b> .....	17
<b>4. Opening Doors to The Americas</b>	
NAFTA .....	20
United States .....	21
Mexico .....	30
Mercosur .....	34
Chile .....	36
Free Trade Area of the Americas (FTAA) .....	37
<b>5. Opening Doors to Asia Pacific</b>	
APEC .....	40
Japan .....	41
China and Hong Kong .....	47
Korea .....	50
Chinese Taipei (Taiwan) .....	52
India .....	53
Indonesia .....	55
<b>6. Opening Doors to Europe</b>	
European Union .....	58
European Free Trade Association (EFTA) .....	64
Russian Federation .....	64
Ukraine .....	66
<b>7. Opening Doors to Other Key Markets</b>	
Australia .....	67
Israel .....	68
West Bank and Gaza Strip .....	68
Saudi Arabia .....	68
South Africa .....	69
<b>8. Summary of Market-Opening Results in 1997</b> .....	70
<b>Glossary of Terms</b> .....	73



## MESSAGE FROM THE MINISTER FOR INTERNATIONAL TRADE



Opening doors to world markets creates new and exciting opportunities for Canadian business. Increased trade and investment opportunities abroad mean increased export sales, and exports generate jobs and growth back home for all Canadians.

Last year, Canada's total exports of goods and services reached another all-time high of \$343 billion, as more and more Canadians took their products to the global marketplace. While we can — and should — celebrate our accomplishments, we must remember that our export success comes, in large part, as a result of improvements in our access to foreign markets.

Around the globe, tariffs, red-tape and other obstacles to commerce are coming down. Canada continues to play a leadership role in moving toward a world in which trade moves freely — in a manner that promotes Canadian values. However, much remains to be done. That's why, as Canada's Minister for International Trade, improving our access to foreign markets is one of my top priorities.

*Opening Doors to the World: Canada's International Market Access Priorities, 1998* outlines the range of initiatives the Government will pursue this year.

It presents our goals for work in the World Trade Organization (WTO); in regional bodies, such as the Asia Pacific Economic Co-operation (APEC) forum and the Free Trade Area of the Americas (FTAA) initiative; and directly with key partners such as the United States, to open doors for Canadian exporters and investors. It describes dozens of specific obstacles that we will tackle in 1998. Finally, it highlights market-opening results from 1997, such as the WTO's Information Technology Agreement, that will provide new opportunities for Canadian business.

In 1998, the Government will continue to work for Canadians to open foreign markets. We will continue to keep these doors open, by resolving problems with our trading partners, and taking actions as necessary to ensure they live up to their commitments. Meanwhile, my Department's Trade Commissioners, based at over 100 offices abroad, will continue to help Canadian firms, particularly small and medium-sized enterprises, to walk through these doors and into new markets. Their efforts will be bolstered by our highly successful *Team Canada* trade missions abroad and the recently-created *Team Canada Inc* partnership at home.

Time and again, Canadian business people tell me the Government plays a crucial role in reducing obstacles to doing business abroad. *Opening Doors to the World: Canada's International Market Access Priorities, 1998*, shows how we'll do this — because open doors mean opportunities, prosperity and jobs for Canadians from coast to coast.

A handwritten signature in dark ink that reads "Sergio Marchi". The signature is fluid and cursive, with a long, sweeping underline.

The Honourable Sergio Marchi  
Minister for International Trade





## 1. INTRODUCTION

Trade is important to the prosperity and well-being of Canadians. One in three Canadian jobs depends on trade with the rest of the world, and every \$1 billion in new exports creates an estimated 6000 to 8000 new jobs<sup>1</sup> in Canada.

Although Canadians have been successful in selling to the world, our ability to fully exploit opportunities in key markets is often limited by a variety of barriers. To ensure secure and predictable access to the world for Canadian traders and investors, the government will continue its efforts to bring down barriers in key markets. This means strengthening the institutions and the rules that govern international trade and investment, forging relationships with new partners, and ensuring that other countries live up to their commitments.

*Opening Doors to the World: Canada's International Market Access Priorities, 1998* presents significant market-opening results over the past year and outlines the government's priorities for 1998 to further improve access to foreign markets. The government will pursue these goals multilaterally, through the World Trade Organization (WTO), and the Organization for Economic Co-operation and Development (OECD); regionally, in forums such as the Asia-Pacific Economic Co-operation (APEC) forum and the nascent Free Trade Area of the Americas (FTAA); and bilaterally, with key partners, principally the United States, the European Union and Japan. In all cases, the government's objective will be to ensure that Canada's traders and investors benefit fully from international trade agreements, because trade with the world means jobs at home — good jobs, jobs that last.

## CANADA: A TRADING NATION

### *Merchandise Trade Growing Rapidly*

Canada depends more on trade than any other major industrialized nation. Over the past 20 years, from 1977 to 1997, Canada's merchandise exports to the world have grown from \$45.6 billion to \$301.3<sup>2</sup> billion (see Figure 1).

<sup>1</sup>This "export-job multiplier" is based on analysis carried out by the federal government in 1997.

<sup>2</sup>1997 merchandise trade figures appearing throughout this document are preliminary figures released by Statistics Canada, February 19, 1998. Unless otherwise specified, all values are in Canadian dollars.

Figure 1

MERCHANDISE TRADE GROWING RAPIDLY

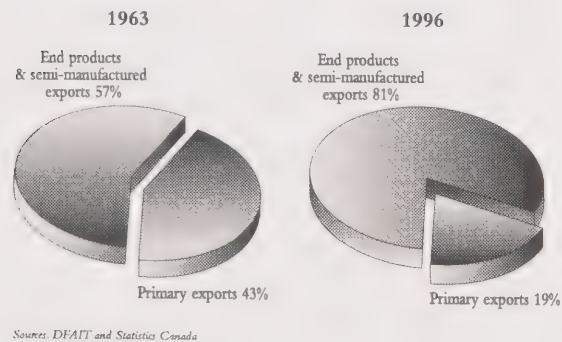


The total value of Canada's goods exports in 1997 reached its highest level ever, growing 7.4% over the record set the previous year. As a percentage of Canada's gross domestic product (GDP), the total value of all exports has grown from just 18% in 1977 to about 41% in 1997. This rapid growth has been a significant factor in the creation of jobs: 39% of net new jobs created between 1990 and 1995 resulted from exports.

Trade is a two-way street. In 1997, Canada's imports amounted to \$278.2 billion. Imports play a critical role in Canada's economy and are vital to the success of our overall trade picture. One of Canada's main import policy objectives is to maintain and strengthen the competitiveness of Canadian business. For example, unilateral tariff reductions on goods used as production inputs help to reduce costs of Canadian businesses and make them more competitive in domestic and global markets. Improved access to

Figure 2

CHANGING COMPOSITION OF CANADIAN GOODS EXPORTS



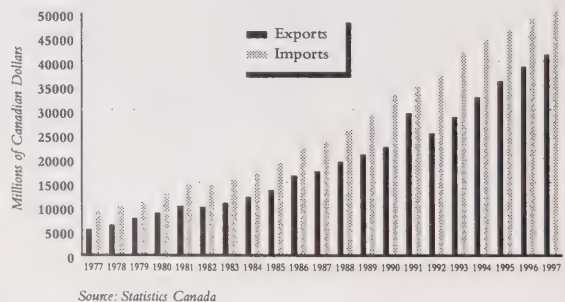
foreign markets through participation in international trade agreements and negotiations also helps to further improve the competitiveness of Canadian exports in these markets. These policies combined help to make Canada's economy more robust, our industries more competitive, exports more successful and consumer goods cheaper for Canadians.

**No Longer Just Hewers of Wood and Drawers of Water**

Many believe that Canada's exports are dominated by primary products, such as coal, wheat and lumber. In fact, in 1996, primary goods accounted for just 19% of the total value of our exported goods. End products and semi-manufactured exports accounted for the other 81%. Figure 2 shows the important shift in the profile of Canada's exports since 1963, when primary products accounted for 43% of total exports. While exports of natural resources will continue to be extremely important to the Canadian economy, the expansion of our export-oriented manufacturing and service industries increasingly supports high-wage and knowledge-intensive jobs in Canada.

Figure 3

SERVICES TRADE GROWING RAPIDLY

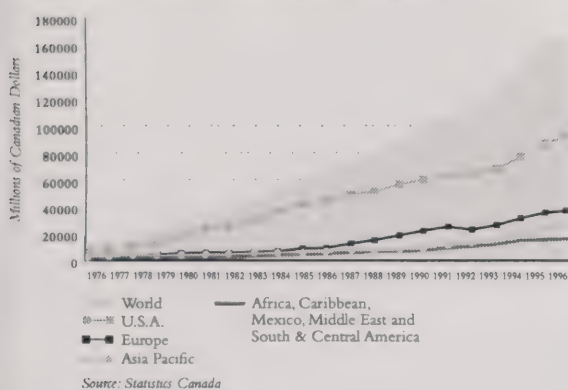


**Services Exports Also Growing Rapidly**

Services account for close to three quarters of employment and production in Canada, and in recent years, global trade in services has grown faster than trade in goods. Over the past 20 years, from 1977 to 1997, Canada's services exports grew from \$4.9 billion to \$41.38 billion (see Figure 3). The total value of Canada's services exports in 1997 reached its highest level ever, growing 6.38% over the record set the previous year.

Figure 4

## CANADIAN DIRECT INVESTMENT ABROAD



### Importance of Investment: Inward and Outward

Investment, both inward and outward, plays a vital role in ensuring Canada's prosperity. The stock of Canadian direct investment abroad has grown rapidly, from \$12.1 billion in 1976 to \$170.8 billion in 1996 (see Figure 4). Successful investment abroad brings profits home, and improves access for exports to foreign markets, creating wealth and economic activity in Canada.

Foreign investment in Canada has also grown significantly, from a total of \$41.6 billion in 1976 to \$180.4 billion in 1996. Such investment brings in foreign technology and facilitates the diffusion of knowledge to Canadian firms and workers, thus enhancing productivity in Canada. These investments

also create jobs in Canada (a recent Industry Canada study indicates that a \$1-billion increase in new inward foreign direct investment (FDI) to Canada generates approximately 45 000 jobs over a five-year period), (see Figure 5).

### The Changing Nature of Trade and Investment Barriers

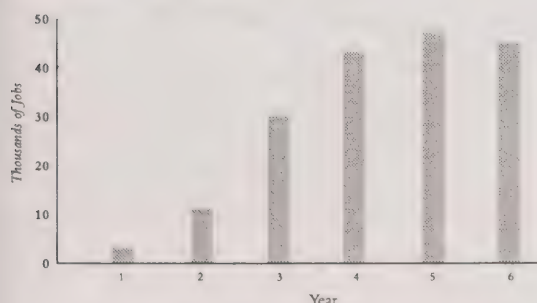
Many types of barriers prevent Canadian traders and investors from taking advantage of opportunities in foreign markets. Perhaps the best-known is the tariff, a tax on imports. While tariff walls continue to limit access to several markets, international negotiations have successfully reduced tariff levels. Average industrial tariffs in developed countries have fallen from approximately 40% in 1948 to less than 5% in 1998. In 1996, the average import-weighted tariff was 3.7% in the United States; 6.6% in the European Union and 3.5% in Japan.

As tariffs are lowered, the extent to which non-tariff barriers (NTBs) impede the flow of goods and services, increases, at least in relative terms. Examples of NTBs commonly affecting Canadian exports include technical barriers to trade (TBTs), such as standards and labelling requirements; and sanitary and phytosanitary (SPS) measures, such as quarantine and health and safety requirements. Reflecting the changing nature of barriers to trade, negotiations to liberalize trade are focussing increasingly on reducing or eliminating unjustified NTBs, in addition to seeking to reduce tariffs wherever possible.

Investment barriers can also take a number of forms. These barriers usually focus on restricting the right of a foreign investor to establish a business or investment in a host economy. Restrictions on operations and management following the establishment of an investment are also identified as barriers to investment. Investment restrictions currently implemented by our trading partners include ownership restrictions, investment screening, performance requirements, restrictions on the transfer of funds, discriminatory treatment with regard to operations or management (e.g. domestic licensing) and restrictions on the movement of key personnel.

Figure 5

## JOBS IMPACT OF \$1 BILLION IN FOREIGN DIRECT INVESTMENT IN CANADA



### ***Progress to Bring Down Barriers***

Canada's strong export performance in recent years has been due in large part to governments' pursuit of policies that improve access to the United States and other foreign markets, and that promote the continuous improvement and expanded coverage of international rules governing trade and investment.

Canada has been remarkably successful over the last decade in pursuing these goals. Negotiation of the Canada-U.S. Free Trade Agreement (FTA) and the North American Free Trade Agreement (NAFTA), and the creation of the WTO, have provided an enhanced rules-based framework to facilitate trade and investment. In addition, Canada is expanding trade liberalization and pursuing its market access priorities through complementary initiatives such as the APEC forum, the FTAA, the *Canada-EU Action Plan*, the recent bilateral free trade agreements with Chile and Israel, and discussions with EFTA countries about a possible Canada-EFTA FTA. Throughout all of these initiatives, Canada works to increase access to markets in a manner that promotes Canadian values, including respect for the environment and labour standards.

### ***Market Access and Trade and Investment Promotion***

Expanding international trade and investment is a vital element of the federal government's strategy to promote jobs, growth and prosperity. The government's international business development program, including the highly successful Team Canada trade missions abroad, encourages Canadian traders and investors, particularly small and medium-sized enterprises, to take full advantage of international opportunities. The recent creation of Team Canada Inc is designed to enhance horizontal management through a single, integrated business plan and regular meetings across the three core international business development departments: the Department of Foreign Affairs and International Trade (DFAIT), Industry Canada, and Agriculture and Agri-Food Canada.

The Government's concerted efforts to enhance access to foreign markets, go hand-in-hand with the export and investment marketing activities presented in Canada's International Business Strategy (CIBS).


For instance, DFAIT's new Global Opportunities (GO) Teams of Trade Commissioners are dispatched to liberalizing markets (e.g. Mexico and Chile) to exploit these connections. In addition, the positioning of additional Trade Commissioners in emerging, priority markets helps Canadian traders and investors get the most out of market access openings.

### ***We'd Like to Hear from Canadians Doing Business Abroad***

The federal government consults industry on market access issues through the newly formed Team Canada Inc Advisory Board, which provides both market development and trade policy advice. This body engages the business community more directly, and complements the various Sectoral Advisory Groups on International Trade (SAGITs). We also welcome direct input from Canadian exporters and investors describing barriers they have encountered in foreign markets. Individuals, companies, industry associations and organizations are encouraged to contact DFAIT with specific information on tariff or non-tariff barriers and other business irritants. Business people frequently alert Canadian Trade Commissioners and other DFAIT staff (such as agri-food or investment specialists based in markets around the world) to situations requiring local advocacy or troubleshooting. Often, these problems are reported to DFAIT headquarters for particular consideration from an overall market access perspective. Business people are invited to report problems they are experiencing by communicating in strictest confidence to:

"Foreign Trade and Investment Barriers Alert"  
Department of Foreign Affairs  
and International Trade  
125 Sussex Drive  
Ottawa, Ontario K1A 0G2  
Fax: (613) 992-6002  
e-mail: eat.extott@extott14.x400.gc.ca

Business people are also encouraged to remain in touch with the Department on market access and other issues through its Web sites at [www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca) or [www.exportsource.gc.ca](http://www.exportsource.gc.ca). These sites contain additional information on many of the issues covered in this document.



## 2. GETTING THE INTERNATIONAL RULES RIGHT: THE WORLD TRADE ORGANIZATION

Improved access to world markets depends upon an open and fair international trading system. The WTO, formed in 1995 to succeed the General Agreement on Tariffs and Trade (GATT), is the cornerstone of the international trading system, overseeing the administration and functioning of multilateral trade agreements and helping to maintain the rules governing world trade. The WTO is a fundamental element of Canada's bilateral trade relationships with other countries, including those with which Canada has concluded free trade agreements.

For Canada, a nation heavily dependent on trade, effective trade rules are vital to ensure stable economic growth, and to prevent bigger and more powerful economies from operating outside the rules. That is why Canada played an important role in the creation of the WTO, and why it will continue to participate in the entire range of WTO activities. In 1997, several important breakthroughs were achieved at the WTO that will enhance access to world markets for Canadian exporters, for example, the conclusion of the Information Technology Agreement, and agreements on Financial Services and Basic Telecommunications.

In May 1998, Canada will participate in the WTO Ministerial Conference and 50th anniversary celebrations of the GATT in Geneva, Switzerland. This will be an opportunity for WTO members to take stock of the tremendous contribution that the multilateral trading system has made to global welfare, development and growth since the GATT entered into force in 1948. As well, they will be able to encourage the continued implementation of existing commitments, and set the course to address the challenges that lie ahead.

### IMPROVING ACCESS FOR TRADE IN GOODS

#### *Information Technology Agreement*

The Information Technology Agreement (ITA) was concluded in March 1997 with the participation of Canada and 42 other governments creating a duty-free market representing over 92% of the US\$500-billion-a-year world trade in information technology (IT) products. The ITA provides for the staged elimination by the year 2000 (longer in the case of some products and some countries) of most-favoured-nation (MFN) tariffs on a broad range of IT products, such as computers, software,

telecommunications products, semiconductors and scientific instruments. Participating economies made their first tariff cuts on July 1, 1997.

The ITA will lead to improved market access, lower prices on inputs for Canadian producers, and growing markets. The Canadian IT sector, which is particularly strong and internationally competitive, will benefit from the ITA. Exports showed a healthy growth from \$9.5 billion in 1992 to approximately \$17 billion in 1997.

Many of Canada's key trading partners are already members of the ITA, such as the United States, the European Union, Japan, Korea, Singapore, Chinese Taipei, Hong Kong, Switzerland, Australia, Malaysia, Thailand and India. In 1998, Canada will seek to broaden membership in the ITA to include major Latin American markets.

In finalizing the ITA, Canada and the other participants agreed to review the Agreement to, among other things, consider including additional products. This review is now under way, and negotiations will take place in the WTO during 1998 with a view to implementing any changes by January 1, 1999. The ITA Committee will also address other issues of concern to the IT sector related to NTBs, in particular in the area of regulatory reform for IT products. In this regard, the ITA Committee is conducting a survey of its members' standards and conformity assessment procedures, and Canada has fully supported this initiative. Canada has also raised the issue of import licensing in the ITA Committee, and intends to pursue this in the future work of the committee.

### ***Further Tariff Liberalization***

Canada will continue to press for WTO members to lower tariffs beyond levels agreed in the Uruguay Round in several sectors of importance to Canadian exporters. Priorities include the adoption of zero-for-zero tariff elimination on paper and paper products by additional countries, as well as acceleration of the commitments already agreed; and the establishment of new tariff elimination agreements in oilseeds and oilseed products, wood and wood products, fish and fish products and non-ferrous metals, such as aluminum. In 1998, Canada will participate in the second review aimed at including additional products in the Agreement to Eliminate Duties on Specified Pharmaceutical Products. Canada is also actively involved in preparatory work that would clear the way for any future broader negotiations on market access including tariffs.

At their annual summit meeting in Vancouver in November 1997, APEC members agreed to pursue an ongoing program of voluntary liberalization in 15 sectors with nine priority areas: chemicals, energy sector, environmental goods and services, fish and fish products, forest products, gems and jewellery, medical equipment and instruments, telecommunications equipment and toys. They also agreed to build on APEC's leadership in these sectors as a basis for extending participation beyond the APEC region, and, where appropriate, for incorporation into the WTO. Given the size of their markets, the strong commitment by APEC members to liberalize trade in these sectors will be an important catalyst for further multilateral liberalization at the WTO. Canada attaches considerable importance to the leadership role that APEC plays in this regard and will seek to conclude sectoral agreements in the WTO on many of the sectors identified by APEC, including environmental goods and services, fish and fish products, and forest products.

### ***Agriculture***

Canada's long-term objective is to strengthen the rules-based multilateral trading system for agriculture. Common rules that apply to all countries are important to enhance Canada's access to world markets, not only for bulk agricultural commodities, but also for the consumer-oriented and intermediate products that now contribute 40% of our agri-food exports. Through the WTO Committee on Agriculture, Canada works to ensure that market access and other commitments negotiated during the Uruguay Round are fully implemented. During 1998, the Committee will continue the informal process of analysis and information exchange that it began in 1997. This process serves as the preparatory work program toward the start of a new round of multilateral agricultural negotiations in late 1999. The Government is working closely with the provinces and consulting with the agri-food industry to ensure that a full and informed discussion of Canada's interests takes place prior to the start of those negotiations.

### ***Technical Barriers to Trade***

Canada's objective is to ensure that standards-related measures, which are generally put in place to protect health, the consumer, or the environment, do not unjustifiably discriminate against Canadian products. Standards-related measures include mandatory

technical regulations, voluntary standards, and conformity-assessment procedures that determine whether a product meets the requirements of a particular regulation or standard.

The WTO Agreement on Technical Barriers to Trade (TBT) defines the international rights and obligations of members with respect to the development and application of standards-related measures that affect trade. The Agreement is based on the principle that countries have a right to adopt and apply standards-related measures, as long as these do not restrict international trade more than is necessary. TBT-related disagreements are subject to WTO dispute settlement provisions. Canada was one of the first countries to initiate a WTO TBT-related dispute, successfully challenging unfair French regulations dealing with labelling of scallops.

Canada promotes wide acceptance of, and adherence to, the TBT Agreement and Code of Good Practice (which applies to voluntary standards). For example, Canada has successfully pressed for foreign eco-labelling programs to follow TBT Code provisions. Under the WTO TBT Agreement, Canada will continue to facilitate access to markets by pressing for the removal of unnecessary standards-related trade barriers, and thus lower costs to producers and exporters. Improving transparency, promoting regulatory reform, aligning or harmonizing standards internationally and with trading partners, and negotiating mutual recognition agreements (MRAs) on conformity assessment are current activities directed to these ends. Canada was an active participant in the 1997 TBT triennial review, focussing on practical issues of direct interest to Canadian exporters.

### ***Sanitary and Phytosanitary Measures***

The WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures recognizes the right of members to take SPS measures necessary for the protection of human, animal or plant life or health, and sets out disciplines designed to prevent the use of SPS measures as disguised barriers to trade. The WTO Committee on Sanitary and Phytosanitary Measures facilitates the enhancement of food safety and SPS conditions internationally, promotes the harmonization and equivalence of SPS measures, and facilitates technical co-operation and consultations. The Committee is to review the operation and implementation of the Agreement three years after its entry into force. This review will begin in March 1998.

Since the implementation of the Agreement, Canada has twice used the WTO dispute settlement provisions to challenge the legitimacy of SPS measures taken by our trading partners. One challenge involved our exports of beef to the European Union (EU), and the other, our exports of fresh, chilled and frozen salmon to Australia.

### ***Rules of Origin***

The Uruguay Round WTO Agreement on Rules of Origin has established a work program to develop a common set of non-preferential rules of origin that would have general application in determining the origin of traded goods. Negotiations on these new rules have intensified as the deadline of July 1998 draws near. Canada's goal is to achieve harmonized, non-preferential rules of origin that provide greater certainty for the trading community, that are trade neutral, and that reflect the global nature of production and sourcing of goods and materials. The new rules are being negotiated by the WTO's technical committee on rules of origin, operating on the results of a three-year technical examination.

## **IMPROVING ACCESS FOR TRADE IN SERVICES**

The WTO's General Agreement on Trade in Services (GATS) represents the first multilateral, legally enforceable framework governing trade in services, and has been in effect since the WTO came into force in 1995. In 1997, WTO members concluded agreements that brought two key sectors — financial services and basic telecommunications services — permanently under the GATS framework. The successful results in these sectors will bring important benefits not only to Canadian service providers, but also to other Canadian exporters who rely on efficient, competitively priced telecommunications and financial services to market and sell goods and services abroad. As well, WTO members made further progress on improving access for providers of professional services. In 1998, Canada will continue its preparations for the next round of comprehensive services negotiations, which are to begin by the year 2000, with the objective of achieving further improved access for Canadian service providers.

### ***Financial Services***

Canada participated in the WTO financial services negotiations, which concluded successfully on

December 12, 1997, with an agreement involving 70 countries, representing over 95% of world trade in financial services. The agreement is governed by the obligations of the GATS, including the important MFN obligation which prohibits discrimination between foreign service suppliers. Under the agreement, individual countries will also adhere to individual schedules of specific commitments which describe the conditions under which foreign financial institutions may provide services such as banking, insurance, securities, and financial information services.

The financial services sector is vital to the Canadian economy. It contributes over 5% of Canada's GDP, and directly employs more than 500 000 people. Canadian financial institutions are highly competitive internationally, and many institutions earn a significant portion of their income from their foreign operations.

The provinces and the Canadian financial services industry were consulted extensively before and during the negotiations. Canadian financial institutions are supportive of the agreement, which will provide improved access to key markets in Europe, Asia and Latin America, and should lead to new export and job opportunities in Canada. Legislation to implement the agreement will be tabled in Parliament over the coming months. The agreement is to be ratified by January 29, 1999, and is scheduled to take effect March 1, 1999. Over the next year, the priority for Canada will be to ensure timely ratification of the agreement by all participants.

### ***Basic Telecommunications Services***

The GATS Agreement on Basic Telecommunications (ABT) was concluded in February 1997 with the participation of countries accounting for over 90% of worldwide telecommunication revenues, and came into effect on February 5, 1998. As of that date, both the WTO dispute settlement mechanism and the MFN principle apply to the provision of basic telecommunications services by all members of the WTO. As well, specific commitments regarding market access, national treatment, and the application of pro-competitive regulatory principles were undertaken by the 72 participants to the ABT. The ABT does not cover DTH (direct-to-home) or other broadcasting services. Canada will monitor implementation of the Agreement by its trading partners. Throughout the process, extensive consultations were held with industry, concerned government departments and provinces. As a result, stakeholders

played a significant role throughout the process and the final agreement reflects their interests. Industry therefore is supportive of the ABT.

### ***Professional Services***

Canada's goal in the ongoing WTO discussions on professional services is to obtain greater and more secure market access for providers of professional services, particularly for professions of key export interest. To this end, Canada, supported by industry, is playing an active role in the Working Party of Professional Services (WPPS) which is charged with developing disciplines to ensure that domestic regulations, technical standards or licensing requirements do not act as disguised barriers to trade.

In May 1997, the WPPS finalized a set of guidelines for mutual recognition agreements or arrangements in the accountancy sector. These guidelines are available from the WTO Web site at [www.wto.org/wto/press/press73.htm](http://www.wto.org/wto/press/press73.htm). As the next step in its work program, the WPPS is making good progress in developing disciplines regarding accountancy services. The WPPS will then consider expanding its work program to include additional professions.

## **GOVERNMENT PROCUREMENT**

With annual global expenditures in the hundreds of billions of dollars, government procurement represents a massive potential area for international trade. However, because procurement is often seen as one of the last bastions of protection for domestic industry, countries have been reluctant to agree to disciplines at the multilateral level. Canada, along with 25 other countries, is party to the WTO Agreement on Government Procurement (AGP), which came into force on January 1, 1996. The AGP provides the basis for guaranteed access for Canadian suppliers to the markets of the United States, the European Union, Japan and other key markets. Increased sectoral coverage and a reduction of discriminatory barriers to the United States and other key markets would result in significant opportunities for Canadian exporters. Canada, along with 25 other countries, is party to the WTO Agreement on Government Procurement (AGP), which came into force on January 1, 1996, and provides tangible, though somewhat limited, benefits to Canadian exporters.

To increase business opportunities for Canadian exporters, Canada supports a range of activities in the WTO to broaden and strengthen government procurement disciplines. A review of the AGP is under way, and is expected to lead to negotiations in 1998. Canada wishes to see these negotiations focus on increased security of market access, elimination of discriminatory measures and practices, expansion of coverage, and simplification and improvement of the procedural obligations of the Agreement. The new Working Group on Transparency in Government Procurement made significant progress in 1997, and is expected to begin negotiations on an agreement this year. This represents an important first step for introducing multilateral disciplines in transparency in government procurement for all WTO members, and should help create a more level playing field in government procurement markets. Discussions are continuing in the context of the GATS to determine the scope for including government procurement disciplines under this Agreement.

## TRADE REMEDIES

Canada continues to seek to improve the discipline, transparency and clarity of the use of trade remedies by its trading partners, to ensure that Canadian exporters have a stable and predictable climate in which to do business. This is particularly important now that, following the Uruguay Round, countries that previously relied on more traditional measures of protection from imports such as quotas and high tariffs, have begun to conduct trade remedy investigations. For example, in 1997, India, Indonesia and the People's Republic of China all initiated anti-dumping duty investigations against Canadian newsprint exports; this was the first use of trade remedies by these countries against Canada. Furthermore, it was the first use of trade remedies by China against any country. Canada will also continue to closely monitor investigations involving Canadian exports, scrutinize changes in the trade remedy laws and practices of Canada's most important trading partners, and make representations on individual investigations, as appropriate, to ensure that WTO obligations are enforced. Also, Canada will continue to contribute to the work of the WTO Committees on Subsidies and Countervailing Measures, Anti-Dumping Practices, and Safeguards, to ensure that all members administer their trade remedy legislation in a WTO-consistent manner. Finally, Canada will

continue to pursue the possibilities for greater trade remedy reform within free trade areas, as markets become more integrated.

## DISPUTE SETTLEMENT

The WTO dispute settlement system continues to demonstrate that it is one of the most significant achievements of the Uruguay Round. Improved rules, including quasi-automaticity in the establishment of panels and in the adoption of panel reports, as well as the newly established Appellate Body, contribute to making the WTO Dispute Settlement Understanding (DSU) a success. The fact that over 100 disputes, regarding some 80 distinct matters, have been launched in the WTO in three years of operation is testimony to the level of confidence that WTO members have in the improved dispute settlement mechanism. Although the system is being used extensively, it remains effective and efficient. The fact that many disputes have been settled before going to the panel stage shows that the WTO is capable of settling trade disputes between members, including some of the most sensitive ones.

Canada will continue to use the WTO dispute settlement mechanism whenever it is necessary to ensure that our exporters do not face barriers inconsistent with the WTO agreements. Canada has thus been a complainant in nine cases under the DSU, and has joined other members' consultations, or has intervened in panel proceedings, in some 30 other cases.

In January 1998, Canada reached an agreement with Japan on the implementation of a panel's recommendations that had ruled that Japanese liquor taxes discriminated against imports in a manner inconsistent with Japan's obligations under the WTO. This agreement, which includes compensation for the longer-than-normal implementation period for the liquor tax-rate adjustment, will result in duty-free market access in Japan by April 2002 for Canadian-produced distilled spirits.

On February 13, 1998 the Dispute Settlement Body (DSB) adopted the panel and Appellate Body reports, which found that the EU ban on beef produced with growth-promoting hormones violated the EU's WTO obligations. Canada will closely monitor the EU's implementation of the panel and Appellate Body recommendations. The final report of the panel regarding our complaint against the Australian ban

on imports of fresh, chilled and frozen salmon from Canada is expected to be issued by the end of May.

Canada also settled two trade disputes in 1997: in July, regarding Hungarian export subsidies in respect to agricultural products, and in December, regarding India's quantitative restrictions on imports of agricultural, textile and industrial products. One dispute is still at the consultation stage, namely Brazil's export subsidy program (PROEX) as it applies to aircraft.

Canada actively follows the development of trade disputes involving other WTO members, whenever our trade interest or systemic interest in the WTO warrant our intervention. Canada has joined a number of other members' consultations (for example: the EU's complaint about Japanese measures affecting imports of pork; a complaint by the United States about Philippines' measures affecting pork and poultry; Argentina's complaint against the U.S. tariff rate quotas for imports of peanuts). In a few other cases, Canada has reserved third-party rights to present arguments to panels, such as the complaints against Korea and Chile concerning taxes on alcoholic beverages.

DSB members will review the DSU in 1998. This review, which must be completed by January 1999, will allow members to determine whether any improvements or clarifications are required to continue the efficient and effective functioning of the WTO dispute settlement system.

## ACCESSIONS TO THE WTO

The WTO currently has 132 members, and a further 30 countries and customs territories have applied to join. China, Russia, Chinese Taipei (Taiwan), Saudi Arabia, Ukraine, Estonia, Latvia and Lithuania are among the 20 applicants with which active negotiations are under way. As it did last year, Canada will continue in 1998 to take an active role in accession negotiations. Canada supports the expansion of WTO membership for two reasons:

- to secure more open, non-discriminatory access for Canadian exports of goods and services to these markets; and
- to achieve transparent, rules-based trade regimes in additional markets, thus contributing to trade liberalization more broadly.

The negotiations take place on two parallel tracks — multilateral and bilateral. For each accession, a WTO Working Party comprising interested WTO members examines the applicant's trade regime and identifies any reforms that may be required to conform with WTO rules. By participating in Working Party deliberations, Canada satisfies itself that the accession will bring about more predictable, less discretionary trading conditions in the applicant's market.

In bilateral market access negotiations, Canada focusses on obtaining the reduction or elimination of tariffs and NTBs that affect access for goods that are of current or future export interest to Canadian companies. These include agricultural, fish, resource and industrial products. Canada expects applicants to bind their tariff commitments; to provide non-discriminatory access (for example, in the oilseeds sector); and to join the various zero-for-zero and harmonization initiatives developed by WTO members, including the ITA. Similarly, Canada aims at achieving better access in sectors targeted by services firms, by seeking binding commitments in the four "modes" of services trade: cross-border supply of services, consumption abroad, commercial presence and the movement of persons. Accession negotiations offer a unique opportunity to resolve Canadian market access problems in the applicants' markets.

## CAPACITY BUILDING

As part of its commitment to the WTO, Canada recognizes the importance of ensuring that developing countries and economies in transition become fully integrated into the global trading system. Canada works through the WTO, and other organizations such as the United Nations Conference on Trade and Development (UNCTAD), the United Nations Development Programme, the International Trade Centre, the World Bank, the International Monetary Fund and the Commonwealth Secretariat, as well as bilaterally, to provide trade-related technical assistance to developing countries and economies in transition to support the accessions of new members to the WTO and to assist in their integration. Canada focusses on building capacity in both governmental and private sector organizations to create a greater understanding of the multilateral rules and how to implement and benefit from them. Canadian exporters will enjoy more transparent and predictable market access in countries that have fully implemented their WTO obligations and commitments.



### 3. INVESTMENT

Canada's economic performance is increasingly linked to international trade and investment. The opening of global markets to Canadian goods and services in the past several decades has served as one of the main engines of growth for our economy. In concert and closely connected with these developments, Canadian investment abroad and foreign direct investment in Canada have become principal sources of growth and job creation. A transparent, positive and secure environment for international investment, both in Canada and abroad, is crucial to our continued economic growth and job creation.

Canada's outward investment has grown rapidly, particularly in the last decade. In the period from 1986 to 1996, Canadian direct investment abroad climbed from \$64.7 billion to \$170.8 billion. These figures show that Canadian companies increasingly invest in other markets through the establishment of new enterprises, or through mergers, acquisitions, partnerships, joint ventures and strategic alliances with other firms. Their objectives are clear: to increase the competitiveness of their operations; to penetrate new markets; and to acquire new technologies, resources and skills. Such investment abroad brings concrete benefits to Canada in terms of export opportunities and access to competitive inputs and R&D activities, leading to job creation back home in Canada.

The United States is Canada's most important investment partner, accounting for over 50% of total outward direct investment, followed by the United Kingdom. Although the United States and the United Kingdom remain important investment partners, Canada's investment relationship is diversifying toward other EU countries and non-OECD members. The effort by Canadian businesses to diversify their global operations is a driving force behind these changes.

Intra-firm trade (e.g. trade between a Canadian business and its foreign affiliates) is a concrete example of the outcome of decisions to invest abroad. The United Nations Conference on Trade and Development (UNCTAD) recently estimated that over one third of international trade in the global market for manufactured goods is undertaken between parent firms and their foreign subsidiaries. This relationship is particularly evident in intra-firm trade between Canada and the United States. It has been estimated recently that about 46% of Canadian exports to the United States are intra-firm in nature, as well as about 49% of U.S. exports to Canada.

Over the past decade, international investment flows have been at the centre of a restructuring global economy. An exponential expansion in direct investment flows has taken place in this period; these flows are increasing at an average annual rate of about 14%. In 1996, worldwide annual direct investment flows were estimated to be an unprecedented US\$350 billion. World stocks of foreign investment reached an estimated US\$3.2 trillion by 1996. In 1996, sales attributed to these foreign affiliates were over \$6 trillion.

While the larger portion of this economic activity continues to be among countries in the developed world, the developing world and emerging economies are also becoming active, particularly (but not exclusively) as host economies for foreign investors. An unprecedented US\$100 billion was invested in the developing world in 1995 alone. Clearly, countries at diverse stages of development find it in their interest to welcome foreign investment; and are competing to attract it.

Inward foreign direct investment (FDI) is a principal source of growth because it is an important supplement to domestic savings. Investment in plant, equipment and production processes is fundamental to Canada's long-term competitiveness. FDI also provides access to global technology and management expertise. Investment in research and development creates new products and processes that will increase our productivity and make Canada more competitive internationally. These supplemental resources also promote Canada's export competitiveness.

One recent assessment indicates that a \$1-billion increase in new inward investment to Canada generates, over a five-year period, about 45 000 jobs and \$4.5 billion in GDP. This assessment estimates that one job in 10, and about 50% of Canada's total exports (and 75% of manufacturing exports) derive from inward FDI. A large proportion of profits from new investments (about 50%) is reinvested in Canada, contributing to a higher growth rate and a more rapid rise in Canadian living standards.

Canada provides an attractive environment for foreign investors. Our labour force is one of the most highly skilled and best educated in the world. Canadian infrastructure — roads, airports, ports, plants, equipment — is "leading edge." The Canadian economy is competitive and knowledge-intensive in such sectors as energy; mining; agri-food; forestry and paper; automobiles; machinery and transportation equipment;

finance; telecommunications; biotechnology; computer software; medical devices; pharmaceuticals; and ocean technologies. Our excellent health-care and education systems are cornerstones to our high quality of life.

These Canadian advantages have not been achieved by compromising our overriding economic and social objectives. Foreign investors in Canada are subject to the same laws as are Canadian investors, including those aimed at protecting the environment, ensuring the highest labour, health and safety standards, taxation, building codes and municipal zoning — indeed, all of the laws and regulations that affect businesses operating in Canada.

## **CANADA'S MULTI-TRACK POLICY APPROACH**

The growth in foreign investment by Canadian business has increased the demand for improved access, and greater protection, for Canadian investments. The government's policy initiatives in the area of international investment, therefore, focus on providing both an attractive environment for inward investment, and access, transparency and protection for Canadian investors abroad. International rules, which are still in their infancy in the international economic system, are essential tools in providing a stable, transparent and open environment for international investment flows. Such rules are being developed in a number of forums, including the WTO, under the auspices of the OECD, and at the regional and bilateral levels, although there is no single set of comprehensive rules at this time.

## **Bilateral and Regional Initiatives**

Canada has instituted an active bilateral program of investment negotiations. A central objective of the Foreign Investment Protection Agreement (FIPA) program is to provide guarantees, transparency and access for Canadian investors in specific priority emerging and developing economies. The federal government has negotiated 24 of these agreements since 1989 — eight of which were signed in 1997 — and is currently negotiating agreements with important emerging countries such as China, Russia, India, Brazil and Argentina.

Canada negotiated a high-standard investment agreement with the United States and Mexico as part of the NAFTA in the early 1990s. The NAFTA investment agreement has been considered by many to be a

good model on which to base other negotiations. It is the model used for the provisions on investment in the 1997 Canada-Chile Free Trade Agreement (CCFTA). Canada is also actively involved in regional investment discussions with Pacific Rim countries through the APEC initiative, and with our investment partners in the Americas through FTAA investment discussions. The latter discussions are expected to evolve into the commencement of negotiations this year.

## Multilateral Initiatives

### *Multilateral Agreement on Investment (MAI)*

In May 1995, the member countries of the Organization for Economic Co-operation and Development (OECD) agreed to launch negotiations for a Multilateral Agreement on Investment (MAI), open to accession by non-OECD countries.

Canada's participation in the OECD MAI negotiations is an important part of Canadian efforts to develop international rules on investment. A successful MAI negotiation will not only provide a stable, transparent and open environment between Canada and its major investment partners, but also represent a first step in pursuing Canada's investment objectives for a worldwide treaty negotiated through the WTO, the ultimate destination and most effective home for a truly multilateral investment agreement.

The MAI constitutes a first attempt to elaborate a set of multilateral investment disciplines, similar to those governing international trade. It would complement the investment rules of the NAFTA, the existing, but limited rules of the WTO, and the bilateral investment agreements of Canada and many other countries.

Under the MAI, Canadian investors abroad would be accorded a similar level of protection and fair treatment that foreign investors currently receive in Canada. This is particularly important as the level of Canadian investment abroad increases and as Canada seeks to diversify its markets beyond the United States.

The MAI would include two "core" principles: non-discrimination (i.e. national treatment and most-favoured nation treatment); and investment protection (i.e. clear rules governing expropriation, requirements for prompt and effective compensation, and unrestricted transfer of funds). These principles would be supported by an effective dispute settlement mechanism, similar to that of the NAFTA, allowing for resolution of state-to-state and investor-to-state disputes.

The MAI will also provide for general exceptions and country specific reservations from MAI disciplines. In particular, Canada will ensure that the government preserves its full freedom of action in key areas, including health care, social programs, education, culture and programs for aboriginal peoples and programs for minority groups. Canada will also ensure that the MAI includes a narrow interpretation of "expropriation" that makes it entirely clear that legislative or regulatory action by government in the public interest is not expropriation requiring compensation, even if it has adverse profitability consequences for companies or investors.

In areas such as performance requirements, temporary entry and stay of key personnel, privatization, and actions of monopolies and state enterprises, the MAI would provide similar rules to those found in existing investment agreements.

Canada's objective in the MAI negotiations is to get from OECD countries the same rights we have secured from our NAFTA partners and some 24 other countries through our Foreign Investment Protection Agreements. The MAI also offers an opportunity for Canada to address other issues that are not covered in existing agreements. For example, Canada is seeking the inclusion in the MAI of provisions to provide greater protection to our investors and their investments abroad from the extraterritorial application of domestic jurisdiction.

As of February 1998, it appears unlikely that the April 1998 deadline for conclusion of the negotiations will be met.

### *The WTO*

A multilateral rules-based system of universal membership, encompassing both trade and investment disciplines, is the preferred means of providing a stable, secure and fair international environment for Canadian firms operating abroad and for attracting foreign investment to Canada. Historically the GATT (and now the WTO) has been the cornerstone of Canadian trade policy, and trade's close relationship with investment makes it desirable that investment disciplines be fully integrated into the WTO. Consistent with this objective, Canada was a leading advocate for the establishment of the WTO Working Group on Trade and Investment at the 1996 Singapore Ministerial Meeting, and since then has played an active role in Working Group activities.



#### 4. OPENING DOORS TO THE AMERICAS

### THE NAFTA

The North American Free Trade Agreement entered into force for Canada, the United States and Mexico on January 1, 1994.

Designed to foster increased trade and investment among the partners, the NAFTA contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include disciplines on the regulation of investment, services, intellectual property, competition and the temporary entry of business persons.

The NAFTA did not affect the tariff phase-out of the Canada-U.S. FTA, which was completed on January 1, 1998. As of that date, virtually all tariffs on Canada-U.S. trade in originating goods were eliminated. Some tariffs remain in place for certain products in Canada's supply-managed sectors (e.g. dairy and poultry), as well as sugar, dairy, peanuts and cotton in the United States. The NAFTA provides for virtually all tariffs to be eliminated on trade in originating goods between Canada and Mexico by January 1, 2003.

A first round of accelerated tariff reductions on an agreed number of goods was completed in 1997 and announced by Ministers at the NAFTA Commission meeting held in March 1997. A second round of tariff cuts, currently under discussion, is expected to be completed in mid-1998. Also at the March 1997 Commission meeting, Ministers committed to the establishment of a NAFTA Co-ordinating Secretariat to strengthen NAFTA implementation and improve coherence across the NAFTA work program. They also received and adopted reports regarding the work of the over 30 trilateral committees and working groups. These bodies were established under the Agreement to further facilitate trade and investment, and to ensure effective implementation and administration of the NAFTA's rules. Canada is pursuing work on, in particular, rules of origin, customs, agricultural trade and subsidies, standards, government procurement, investment, services and temporary entry of business people.

Total trade and investment among Canada, Mexico and the United States has increased substantially since the NAFTA was implemented in 1994 as has Canada's merchandise trade with both the United States and Mexico. Two-way merchandise trade

between Canada and Mexico has grown by 80%, reaching \$8.2 billion in 1997. Our merchandise trade with the United States is up 63% over the same period, reaching \$456 billion in 1997. Approximately \$1.4 billion in goods and services now crosses the Canada-U.S. border each day.

Under the NAFTA, Canadian producers are better able to realize their full potential by operating in a larger, more integrated and efficient North American economy. Consumers benefit from this heightened competition, with better products, services and prices.

Enhanced access to NAFTA markets, and the existence of clear rules on trade and investment have enhanced Canada's attractiveness to foreign and domestic investors. Total FDI into Canada reached \$180 billion in 1996, with the majority of this investment coming from the United States. FDI into Canada from the United States reached \$125 billion in 1996 (up 37% over U.S. FDI into Canada in 1993 — the last year prior to the implementation of the NAFTA), while investment from Mexico reached \$239 million in 1996 (up 55% over 1993). Canadian direct investment in the NAFTA countries has also increased, reaching \$92.9 billion into the United States in 1996 (up 37% over 1993) and \$1.3 billion into Mexico (more than double the 1993 level).

The vast majority of our trade with the United States and Mexico now takes place within the context of the clear and well-established rules of the NAFTA. Nonetheless, disputes are bound to emerge in such a large trading area. In such cases, the NAFTA provides a vehicle for the governments concerned to resolve their differences through NAFTA committees and working groups, or through other consultations. If no mutually acceptable solution can be found, the NAFTA provides for expeditious and effective dispute settlement procedures. Where WTO rights and obligations are at issue, NAFTA parties also maintain the option of recourse to WTO dispute settlement procedures as an alternative to the NAFTA procedures.

Chapter Nineteen of the NAFTA provides a unique system of binational panel review in place of final judicial review for domestic decisions regarding anti-dumping and countervailing duty matters. A constitutional challenge in the United States of the Chapter Nineteen dispute settlement provisions was dismissed for lack of standing in November 1997.

Chapter Twenty includes provisions relating to the avoidance or settlement of disputes regarding the interpretation or application of the NAFTA, except for matters covered under Chapter Nineteen. There are also special rules for matters under Chapters Eleven (Investment) and Fourteen (Financial Services).

Several disputes were either settled, or remained pending in 1997. These include two disputes between Canada and Mexico regarding anti-dumping determinations by the Mexican Ministry of Trade and Industrial Development (SECOFI), which were appealed by Canadian steel producers under Chapter Nineteen. Panel decisions on these cases were made in 1997, resulting in the termination of anti-dumping duties in the first case, and a recommendation for SECOFI to reconsider a number of issues in the second case. Canada also awaits panel decisions on two anti-dumping findings on Canadian steel exports to the United States. Further, two Chapter Nineteen panels are reviewing Canadian anti-dumping determinations that are due in 1998, one of which regards steel exports from Mexico and the second, concrete panel exports from the United States.

The first NAFTA investor-state dispute involving Canada was launched in 1997. This case is between the Government of Canada and Ethyl Corporation (USA), and relates to Canadian legislation regulating the importation and interprovincial trade of the fuel additive MMT. An international arbitral panel has been established and has commenced hearings.

## UNITED STATES

	Goods (1997)	Services (1997)
Exports	\$244.1 billion	\$24.2 billion
Imports	\$212.2 billion	\$30.2 billion

Rank: 1 (81% of total Canadian goods exports)

### Overview

Canada and the United States are each other's largest trading partners, moving approximately \$1.4 billion worth of goods and services across the border each day. In 1997, Canada exported \$244.1 billion in goods to the United States and imported \$212.2 billion in goods from that country. Canada exported \$24.2 billion in services and imported \$30.2 billion in 1997. Canada's merchandise exports alone to the

United States support over 2 million Canadian jobs, and generate 28% of Canada's GDP. Fully 81% of Canadian merchandise exports are destined for the United States. Since the implementation of the Free Trade Agreement (FTA) in 1989, two-way merchandise trade has doubled. Between 1992 and 1996, two-way merchandise trade increased by an average of 14.8% per year. This contrasts with an average annual increase of 8% over the same period for Canada's trade with the rest of the world.

U.S. direct investment in Canada has increased from approximately \$85 billion in 1990 to \$125 billion in 1996. The FTA, and subsequently the NAFTA, have had other positive spin-offs. For example, the Open Skies Agreement signed in February 1995 has opened new opportunities for both Canadian and U.S. airlines.

Canada's trade and investment relationship with the United States is quantitatively and qualitatively different from that with any other country. Excellent opportunities exist for Canadian goods and services exporters in virtually every sector. To exploit these opportunities, DFAIT's activities concentrate on introducing small and medium-sized enterprises (SMEs) to the market. The New Exporters to Border States (NEBS) program has been highly successful in this regard, having helped more than 8500 companies make their first foray into the U.S. market. The Canadian government is developing a process to help Canadian exporters that have succeeded in more than one region of the United States to "graduate" to other international markets.

The Canadian government has produced a new investment development strategy to attract and expand investment from the United States and to encourage strategic alliances with U.S. companies. The strategy outlines the Government's plan to promote investment attraction through the use of a more integrated, sectorally focussed approach which builds on the co-operation between DFAIT and its Team Canada partners.

In promoting Canada's market access and business development interests in the United States, it is important to target the various regions of the country. Minister-led missions to various U.S. regions, most of them having larger markets than many countries, help to forge the necessary relationships with government and business leaders that help advance

Canadian priorities. A program of visits by several federal Deputy Ministers also serves to promote Canadian interests in this market.

While periodic issues and some long-standing irritants are inevitable in an economic relationship of such complexity and depth, one of the principal benefits that Canada has derived from the NAFTA is the mechanisms that allow for the clear management and settlement of disputes.

### ***Market-opening Results in 1997***

In 1997, market-opening results were as follows:

- Building on the 1995 *Accord on our Shared Border*, Canada and the United States pursued several initiatives to speed road, rail and sea transit, as well as in-transit preclearance at Canadian airports.
- Amendments to Canada's Foreign Extraterritorial Measures Act effectively serve to prevent the enforcement of judgments under the U.S. Helms-Burton law in Canadian courts, and allow a Canadian company to sue to recover any damages awarded against it by a foreign court.
- Canada and the United States implemented an agreement on trade in sugar and sugar-containing products (SCPs) that gives Canadian exporters of these products assured access to the U.S. market.
- A comprehensive allocation system under the five-year Canada-U.S. Softwood Lumber Agreement was successfully implemented on behalf of Canadian industry and the producing provinces. This system provides for greater predictability for Canadian exporters who are planning to ship softwood lumber to the United States.
- Canada successfully defended against U.S. pressure to reduce Canadian exports of wool suits, sport coats and pants.
- Unrestricted access to the U.S. grain market was maintained in the face of political pressure on the administration from Congressional representatives for a return to a more restrictive import regime.
- A group of 21 non-profit citizens' organizations filed a challenge on the constitutionality of Chapter Nineteen of the NAFTA and the FTA. That challenge was later dismissed for lack of standing before the court.

## ***Canada's Market Access Priorities for 1998***

Over the coming year, Canada will:

- Defend access to the U.S. market by exercising its rights under existing trade agreements and by resisting U.S. measures that constrain Canada's access to its most important trading partner.
- Continue to monitor closely and respond to key measures that may distort trade and investment decisions in the North American market.
- Continue to resist the extraterritorial application of U.S. laws.
- Work closely with the United States to enhance co-operation along our common border.
- Continue to advance Canadian market access objectives in other areas, such as services, government procurement, and the application of trade remedies.
- Work with the United States to complete a Mutual Recognition Agreement (MRA) on fish inspection systems as soon as possible.

The remainder of this chapter provides additional detail on key U.S. market access issues for Canada over the next year. It should not be regarded as an exhaustive inventory of obstacles faced by Canadian firms doing business in the United States, nor as an exclusive list of issues that the Canadian government will pursue.

## **EXERCISING CANADA'S RIGHTS UNDER TRADE AGREEMENTS**

### ***Sugar and Sugar-containing Products***

On October 1, 1997, Canada and the United States implemented an agreement on trade in sugar and sugar-containing products (SCPs). Canada received a country-specific allocation of 10 300 tonnes of the 22 000 tonne U.S. refined sugar TRQ (double the level of Canadian exports in 1996-97). Canada will also be able to compete with other countries for the non-allocated portions of the refined sugar TRQ (approximately 7500 tonnes), which allow Canadian firms to ship significantly more than the amount contained in the Canada-specific allocation. With respect to SCPs, Canada obtained an allocation of 59 250 tonnes of the 64 709 tonne U.S. TRQ, which approximates our recent historical access. For the quota year 1997-98, Canadian companies will export

well over twice as much refined sugar to the United States than they exported in quota year 1996-97, although still below our pre-WTO levels of exports. The country-specific allocation ensures that Canadian exporters will have guaranteed access to the U.S. market for SCPs, and ensures protection from the recent incidents of increased international shipments to the U.S. marketplace.

In return, Canada has agreed not to pursue NAFTA dispute settlement procedures with respect to the U.S. Re-export Program for SCPs while the agreement is in effect. The government will monitor the use of the Re-export Program on Canada for any changes that may have an impact on Canadian interests. If necessary, the agreement can be terminated on a six months' notice. In that event, Canada would be in a position to resume a NAFTA challenge of the Program.

In working toward this agreement, the government consulted closely with provincial governments, Canadian sugar beet growers, and refiners and manufacturers of SCPs.

### ***Softwood Lumber Agreement***

The Canada-U.S. Softwood Lumber Agreement, implemented on April 1, 1996, provides for five years of predictability and stability in our softwood lumber trade with the United States. The Agreement provides Canadian exporters with a guarantee against U.S. trade actions for five years. The allocation system, under which allocations are assigned on a company basis based on their traditional exports to the United States, allows Canadian companies to make rational, long-term decisions on marketing and shipping their lumber to the United States.

Under the Agreement, softwood lumber exports to the United States originating from British Columbia, Quebec, Ontario and Alberta that exceed 14.7 billion board feet a year will be subject to a US\$50 per thousand board feet fee for the first 650 million board feet, and a US\$100 per thousand board feet fee for quantities exceeding this amount.

In addition, the Agreement provides for an increase in softwood lumber exports of 92 million board feet without fee for each calendar quarter, when the average Great Lakes price exceeds a certain level. During the first seven quarters of the Agreement, Canada has earned the right to export additional softwood lumber to the United States six times.

The Softwood Lumber Agreement is entering the third year of its five-year span. Key objectives of 1998 are to continue smooth operation of the quota allocation system, to enhance the fee collection system, and to fully complement the verification process. Canada will also continue to manage this issue with the United States and will maintain consultations with affected provinces and stakeholders.

### ***Sanctions***

Canada is concerned over the proliferation of unilateral trade measures taken by the United States. Enactment of legislation with extraterritorial application and the use of unilateral economic sanctions in support of foreign policy harms the legitimate right of Canadians to freely trade and invest provided that they conduct their business affairs in accordance with Canadian law, the law of the country in which they are operating and international trade practice. At the federal level, the most notable examples are the Helms-Burton Act and the Iran Libya Sanctions Act (ILSA). States and municipalities have also introduced sanctions legislation mandating procurement restrictions and divestiture requirements targeting certain countries.

The Helms-Burton Act is designed to chill third-country investment in Cuba by exposing foreign nationals who engage in business activities in expropriated Cuban property to claims in U.S. courts against that property. It also provides for the denial of entry to the United States of foreign individuals or companies who "traffic" in that property. The legislation violates U.S. obligations under international agreements, notably the NAFTA and the WTO, and is inconsistent with generally recognized principles of international law.

The Iran Libya Sanctions Act (ILSA) seeks to dissuade companies from making significant investments in these countries' oil and gas sectors, interfering with the right of non-U.S. companies to conduct legitimate business in Iran. At the same time, Canada has taken strict measures to ensure that Canadian trade will not contribute to the military or possible nuclear, biological and chemical weapons capabilities of Iran and Libya.

Continued temporary suspensions of the right to sue under Title III of Helms-Burton do nothing to address the long-term problems of the legislation.

Liability for Canadian companies has been accruing since 1996, and senior officials from one Canadian company have received letters under Title IV advising them that they will be barred entry to the United States.

Canada has expressed strong opposition to the extra-territorial nature of the legislation and the negative impact it has on legitimate Canadian trade and investment ties with Cuba. In both domestic and multilateral fora, Canada has taken action to respond to the Helms-Burton Act. Domestically, amendments were made in September 1996 to the Foreign Extraterritorial Measures Act (FEMA) to provide Canadian companies enhanced means to defend themselves against Helms-Burton actions. Multilaterally, Canada is a third party to the European Union challenge of the legislation at the WTO. Canada has also held NAFTA consultations with the United States and retains the option of requesting a NAFTA panel.

### ***Alcoholic Beverages***

In February 1992, Canada was a complainant against the United States in a panel under the GATT, which examined U.S. federal and state measures relating to imported beer, wine and cider. The panel found, for example, that certain provisions of the federal excise tax, and those of many states, discriminated against imports, and thus were inconsistent with the GATT. Furthermore, the panel found that many other state measures also constituted discriminatory treatment of imported alcoholic beverage products, and recommended that the U.S. federal and state governments bring their inconsistent measures into conformity with their obligations under the GATT. Given that many of the GATT panel's recommendations have yet to be implemented, Canada is pursuing this issue further with the United States.

## **RESISTING U.S. MEASURES THAT CONSTRAIN ACCESS**

### ***Wheat and Barley***

The U.S. administration announced in September 1996 that it would continue its unilateral monitoring of U.S. imports of Canadian wheat and barley, and that it would seek consultations with Canada if imports were to rise above particular trigger points

at specified periods during the year. DFAIT and AAFC officials met with their counterparts in the office of the U.S. Trade Representative and the U.S. Department of Agriculture on four occasions during 1997, to discuss Canada-U.S. trade in grains. One outcome of these discussions was Canada's suspension of TRQs for U.S. barley and barley products. The private sector also had discussions: Prairie Pools Incorporated (PPI) and the American Farm Bureau Federation (AFBF) met on three occasions, and are expected to work towards the establishment of a binational consultative committee on grain, as recommended in 1995 by the Canada-U.S. Joint Commission on Grains. Canada considers that its exports to the United States continue to be fairly traded, and has no interest in participating in any arrangement that would limit Canadian exports to that country.

The U.S. Export Enhancement Program (EEP), introduced in May 1985, is authorized under the Federal Agricultural Improvement and Reform Act of 1996 ("Farm Bill"). The Agriculture Department may subsidize a range of U.S. agricultural exports (mainly grains and oilseeds) to targeted markets. Initially, the justification for the EEP was the protection of market share from subsidized EU commodities, but over time, the targets expanded. This resulted in a severe reduction in overall world prices and lower returns to Canadian producers. In light of strong international prices, the U.S. government suspended the use of EEP for grains since July 1995, but has come under pressure to use it again. Canada has stated to the United States that a decision to use the EEP would inflate U.S. market prices, making the U.S. market even more attractive for Canadian grains, thus exacerbating U.S. concerns about imports from Canada.

### ***Wool Suits***

U.S. men's wool apparel producers continue to press Congress and the administration to obtain reductions in the levels of wool suits, sport coats and pants that enter the country at NAFTA rates of duty under the NAFTA Tariff Preference Level (TPL) for wool apparel. Canada will continue to oppose any legislative or other initiatives in the United States to reduce our exports. The pressure from the United States is likely to persist in 1998, and Canada will defend the access acquired for these products in the NAFTA.

## **MONITORING DEVELOPMENTS AFFECTING CANADIAN INTERESTS**

### ***Fast Track***

"Fast track" is a mandate to the U.S. administration by which Congress approves or disapproves, without amendment, trade liberalization agreements. Congress postponed its vote at the request of the President in November 1997, when it became clear that the legislative package put forward by the administration did not have sufficient support to pass. While the administration is committed to revisiting the issue, no time line is apparent. Canada will carefully monitor the domestic debate when re-engaged to ensure that Canada's interests are not adversely affected.

## **OTHER ISSUES**

### ***General Accounting Office Investigation***

In September 1997, at the request of U.S. Senator Dorgan (D-ND), the GAO launched a review of U.S. imports of Canadian wheat. In December 1997, the GAO travelled to Ottawa and Winnipeg to meet with Canadian government and industry representatives, and is expected to issue its report in September 1998. Canada will continue to work closely with the GAO and monitor the investigation carefully.

### ***Customs and Administrative Procedures***

Following the visit of the Prime Minister to Washington in 1997, Canada and the United States pursued several initiatives to speed road, rail and sea transit, as well as in-transit preclearance at Canadian airports. To realize the benefits of free trade, Canada and the United States are creating a "smart" border that facilitates trade and tourism, but keeps illegal goods and services out — through high-technology streamlining of processes, and the provision of adequate infrastructure. The two countries are enhancing the processing of customs data electronically at border crossings; reducing the number of stops for carriers moving goods in-transit through either country; promoting the use of joint or shared border facilities; and introducing new technologies to detect drugs and to enable remote inspection of travellers. Canada and the United States will also work to ensure the competitiveness of the St. Lawrence Seaway by promoting its usage and improving the efficiency of its operations.

### ***U.S. Fish and Wildlife Service Border Inspections***

The U.S. Fish and Wildlife Service (FWS) inspects all imports of wildlife and wildlife products at the U.S. border to ensure U.S. compliance with its commitments as a signatory to the Convention on the International Trade in Endangered Species (CITES). Consumer products, such as fur coats and Native Canadian crafts, which utilize wildlife articles, are included in the inspection requirement.

Approximately two years ago, the FWS raised its per shipment inspection fee from US\$25 to US\$55. The Government has received a complaint that the fee adversely affects Canadian exports of low-value shipments. Another exporter has complained that FWS personnel are not available at certain ports at certain times. The FWS also charges the fee irrespective of whether it actually performs an inspection.

The FWS has recently proposed some limited exceptions from the fee. Canadian officials are pursuing changes to the benefit of Canadian exporters.

### ***Intellectual Property***

Under Section 337 of the United States Tariff Act of 1930, imported products that are alleged to infringe upon U.S. intellectual property (IP) rights can be barred from entering the United States by the U.S. International Trade Commission (ITC). Section 337 provisions contain more direct remedies against alleged infringers than those available in U.S. domestic courts, and the administrative procedures in the ITC can be more onerous. U.S.-based alleged infringers face proceedings only in the courts, whereas importers may face proceedings both in the courts and the ITC.

In 1989, a GATT panel found that Section 337 violated GATT obligations. The Uruguay Round implementing legislation has removed some of the inconsistencies with new WTO-TRIPs obligations, but Section 337 complaints are still being brought against Canadian companies, who thereby face additional procedural burdens in defending against allegations of IP infringements. The Government of Canada will monitor specific cases to determine what steps might must be taken to ensure that Canadians are treated in accordance with U.S. international obligations.

### ***Trade Remedies***

Consistent with the Government's priority of resolving trade remedy issues with the United States, working groups on dumping and subsidies/countervailing duties were established under the North American Free Trade Agreement (NAFTA). The working groups were asked to seek solutions that would reduce the possibility of disputes concerning the issues of subsidy, dumping and the operation of trade remedy laws. Their report was released in March 1997. While the scope of Canadian efforts to achieve reform in these working groups was very broad, the final agreement focussed on procedural improvements respecting the conduct of anti-dumping and countervailing duty investigations. NAFTA Ministers also noted at that time that governments would continue to consult (under the provisions of NAFTA Chapter Nineteen) on issues related to trade remedies with the objective of promoting fair trade and reducing the possibility of disputes. Canada will continue to use this and other opportunities to pursue its agenda for trade remedy reform within the NAFTA trade area.

Moreover, Canadian officials will continue to monitor trade remedy developments in the United States to ensure that changes to U.S. trade law practice do not unduly harm Canadian exporters caught in U.S. trade remedy investigations and reviews. In this regard, Canada submitted, on three separate occasions, extensive comments on regulatory proposals by the U.S. Department of Commerce and the U.S. International Trade Commission regarding the conduct of anti-dumping and countervailing duty investigations and reviews. In the context of U.S. reviews, Canadian officials assisted Canadian producers of steel, brass, magnesium and live swine.

### ***Electricity***

The United States is moving rapidly toward increased competition in the electricity sector, creating new opportunities for Canadian utilities. As part of the deregulation of the wholesale sector, the U.S. Federal Energy Regulatory Commission (FERC) requires that Canadian utilities seeking maximum access to the U.S. market offer reciprocal access to their own transmission lines. The United States is also considering deregulation at the retail level and some legislative proposals include retail reciprocity requirements. There are initiatives to give FERC some oversight of transmission reliability standards which are

currently set by the North American Electric Reliability Council (NERC), a utility industry association. Canada, in consultation with provincial government officials and the industry, will continue to monitor developments in the U.S. electricity sector, to assess implications with respect to U.S. international trade obligations, as well as other commercial and economic factors.

### ***Commercial Alcohols***

Canadian exporters of industrial alcohol to the United States must channel shipments through a U.S. distilled spirits plant (DSP), to enter the manufacturing process free of U.S. excise tax. This negatively affects the competitiveness of their product, since these DSPs are operated by U.S. competitors, or potential competitors, of Canadian producers.

Canada will continue to discuss this access issue with U.S. authorities, with the objective of putting in place alternative arrangements to allow product to be shipped directly to U.S. industrial users.

### ***Mutual Recognition Agreement on Fish Inspection Systems***

The United States adopted mandatory Seafood Hazard Analysis Critical Control Point (HACCP) regulations on December 18, 1997, which apply to both domestic and imported products. Canada and the United States have agreed to work toward the establishment of an MRA on fish-inspection systems. As an interim arrangement, the two sides exchanged letters in December, whereby the Food and Drug Administration (FDA) provided assurances that U.S. importers purchasing from Canadian fish and seafood facilities included on the Canadian Food Inspection Agency's plant list will be deemed to have met the "affirmative steps" obligations of the new HACCP regulations. This arrangement has effectively allowed the uninterrupted flow of Canadian seafood products. Canada and the United States have agreed to continue working co-operatively in an effort to complete the MRA as soon as possible.

## **IMPROVING ACCESS FOR TRADE IN SERVICES**

### ***Financial Services***

Canada is closely monitoring initiatives in the United

States aimed at modernizing that country's financial services sector. With respect to the cross-border provision of services, Canada wishes to see a more level playing field in the securities sector. Under the NAFTA, Canada, Mexico and the United States are committed to revisiting this issue by the year 2000.

### ***Telecommunications***

The Federal Communications Commission (FCC) has adopted two orders to implement the U.S. commitment under the ABT, which entered into force on February 5, 1998. Under the Foreign Carrier Entry Order, carriers from WTO member countries, such as Canada, will be able to enter the U.S. market, or to own 100% indirectly (and 20% directly) of a licensed U.S. carrier or a submarine cable owner, under the "rebuttable presumption" that their entry is in the public interest. The DISCO II (Domestic International Satellite Consolidation) order does the same for telecommunications satellite services. In both cases, the previous reciprocity-based "effective competitive opportunities" test has been removed, though foreign and trade policy will continue to be taken into consideration. Access to the United States market also depends on implementation of certain key provisions of the Telecommunications Act of 1996.

Canada will closely monitor implementation of the U.S. commitment to allow foreign suppliers to provide local, long distance and international telecommunications services, on a facilities or resale basis, in accordance with the multilaterally agreed regulatory principles.

### ***Shipping***

A number of maritime laws (collectively known as the "Jones Act") impose a variety of limits on foreign participation in the U.S. domestic maritime industry. Under these laws, the carriage of cargo or passengers between points in the United States is restricted to U.S.-built and U.S.-documented vessels owned and operated by U.S. citizens. Similar restrictions apply to dredging, salvage and other commercial marine activities in U.S. waters. In international shipping, there are limitations on foreign ownership of vessels eligible for documentation in the United States. In addition, several subsidies and other support measures

are available to operators of U.S. vessels: cargo preference laws restrict the carriage of military cargo and limit the carriage of government non-military cargo, aid cargo and certain agricultural commodities to U.S. vessels. These and other restrictions (coupled with defence-related prohibitions of the Byrnes/Tollefson Amendment) limit Canadian participation in U.S. shipping activities.

Canada will continue to use every appropriate opportunity to encourage the liberalization of these restrictive provisions. Although there have been renewed calls for reform, the cabotage and cargo preference restrictions continue to enjoy significant support in the United States, limiting the prospect of any major change in the short term.

### ***Temporary Entry***

Section 343 of the U.S. Illegal Immigration Reform and Immigrant Responsibility Act would require any alien seeking U.S. employment as a health care worker to present a certificate from a U.S. credentialing organization verifying the person's professional competency and proficiency in English. A waiver for health care workers seeking temporary entry is currently in effect pending development of implementing regulations. Canada has registered concerns with the U.S. Administration and Congress that the certification requirement, as it applies to those seeking temporary entry, would violate U.S. NAFTA obligations. In response to Canadian concerns about the legislation, U.S. Trade Representative Barshefsky has stated that the United States will "work hard" to ensure that implementing regulations are NAFTA-consistent. Canada will continue to press this issue with the United States in order to achieve a satisfactory resolution.

## **GOVERNMENT PROCUREMENT**

Canada will continue to press the U.S. government to further open its procurement markets to Canadian suppliers. Currently, U.S. government exceptions under NAFTA and WTO procurement agreements prevent Canadian suppliers from bidding on a broad range of government contracts in sectors of key importance. Especially onerous are the set-aside programs for small and minority-owned businesses and *Buy American* provisions.

### ***Small Business Set-asides***

The definition of a U.S. "small business" varies by industry, but is typically 500 employees in a manufacturing firm (and up to 1500 employees in certain sectors) or an annual revenue of up to \$17 million for a services firm.

The Government is concerned that, over the past year, the United States has continued to expand the use of the exemptions to its procurement commitments in international trade agreements. The Small Business Reauthorization Act of 1997 (signed into law December 2, 1997) creates a new "set-aside," the "HUBzone" program, which is aimed at helping small businesses located in depressed areas to obtain federal contracts. Canada will examine the consistency of this new set-aside program with U.S. obligations under international agreements.

The 1997 legislation also increases, from 20% to 23%, the government-wide goal for awards to small, small disadvantaged and HUBzone businesses. This new goal is also being encouraged at the subcontractor level. The higher the set-aside goal, the more procurement business will be removed from full and open competition for Canadian firms.

### ***Buy American***

*Buy American* provisions are applied extensively to U.S. procurement that is not covered by the NAFTA or the WTO. The trade agreements only require equal treatment of Canadian offers on direct purchases by the U.S. federal government. There is no restriction on the conditions that the United States may place on funding it supplies to state and local governments.

### ***Intermodal Surface Transportation Efficiency Act***

Canada continues to seek improvements to the currently limited access that Canadian firms have into the important U.S. procurement market for transportation infrastructure contracts for federally funded transit, highway and aviation projects. Almost all of the large transportation contracts in the United States are administered by state and local government or private-sector organizations. Most receive federal funds. The Intermodal Surface Transportation Efficiency Act (ISTEA) generally requires that

federal transportation infrastructure grants to state and local government make use of U.S. material and equipment. Congress is expected to reauthorize ISTEA in the spring of 1998. Similar conditions prevail for airports, deriving from the Airport and Airways Facilities Improvement Act.

Projects funded by the Federal Transit Administration require all steel and manufactured products to be 100% U.S. content and 100% U.S. manufactured. Rolling stock (i.e. trains, buses, ferries, trolley cars) components must be 60% U.S. content, and with final assembly occurring in the United States. Projects funded by the Federal Highway Administration require all iron and steel products, and their coatings, to be 100% U.S. manufactured. Projects funded by the Federal Aviation Administration (FAA) require all steel and manufactured products to be of 60% U.S. content, with final assembly in the United States.

### ***State and Local Government Preferences***

A wide variety of protectionist provisions are also applied to state and local government contracts.

### ***Legislative and Regulatory Changes***

The United States is still implementing changes made to its acquisition procedures arising from legislation passed in 1994 and 1995. Canada continues to press the United States to clarify and resolve potential inconsistencies between its NAFTA obligations and the new procedures, which appear to limit Canadian participation. These include subcontracting requirements, and simplified acquisition procedures for all procurement under \$100 000 and for commercial items to a value of US\$5 million.

## **STANDARDS-RELATED MEASURES**

At the federal level, U.S. inclination to use mandatory standards to achieve regulatory objectives (e.g. the Fastener Quality Act; mandatory labelling standards for textile products; a proposal to require country-of-origin marking in the principal display panel for frozen vegetables – see below; and a recent proposal by the Department of Energy to regulate electricity reliability standards for North America) is of concern to Canada.

Canada continues to engage in a constructive dialogue with the United States, principally in the NAFTA Committee for Standards-related Measures,

to urge that national regulatory burdens on industry be minimized while allowing industry to self-regulate in the context of an increasingly integrated North American market.

The NAFTA Committee for Standards-related Measures has four sectoral subcommittees focussing on automotive, land transportation, telecommunications and textile labelling issues. These also provide effective fora for bilateral co-operation in the area of standards and regulations. The land transportation and textile labelling subcommittees have made considerable progress on trade-facilitating harmonized standards in the areas of driver vehicle compliance for trucks and the care labelling of textile goods. In both telecommunications and automotive sectors, standards measures have been generally complementary, and the subcommittees are pursuing further bilateral co-operation, along with increased co-ordination of activities in international fora.

Canadian and U.S. agencies are co-operating closely to conclude mutual recognition agreements (MRAs) on testing and certification, as well as on the harmonization and joint development of regulations, where this can be of assistance to exporters. For example, the Standards Council of Canada is pursuing arrangements with appropriate U.S. agencies so that assessments for conformity with U.S. regulations on fasteners and the testing of drivers for substance abuse can be performed in Canada.

At the subfederal level, a variety of traditional jurisdictions that predate the arrival of cross-border trade often impede market access for Canadian exporters. Canada is seeking more complete implementation by the United States of its NAFTA and WTO subfederal commitments, with a view to the upgrading or modernization of U.S. subfederal standards measures, complementing the volume and variety of our trade in manufactured goods. Canada is also working to enhance bilateral dialogue at the provincial and state level to increase co-operative activities in the area of standards and regulations development.

Finally, Canada will continue to encourage co-operation with the United States in the development and use of industry-developed voluntary standards for the North American market as a substitute for national regulatory requirements.

### **Country of Origin Labelling Initiatives**

Congress is considering three country of origin labelling initiatives for imported food products: the Imported Meat Labelling Act; the Imported Produce Labelling Act; and, a bill to require that retail packages of frozen imported produce display the country of origin on the front panel (current practice allows marking on the back of packages or elsewhere). Although the stated purpose is food safety and consumer information, the initiatives could adversely affect Canadian exports to the United States by introducing unnecessary obstacles to trade.

Canada has long protested U.S. Administration proposals to require front panel marking of frozen produce and the Administration has yet to move to implement such a requirement by regulation. Canada is continuing to object to the similar legislative action. The Government is assessing its position on the other two legislative initiatives and will register its views should the detailed provisions of the bills present adverse consequences for Canadian exports.

## **MEXICO**

### **Overview**

Canada-Mexico trade has increased steadily since Mexico implemented a sweeping series of economic reforms in the mid-1980s. Decades-old import barriers were abandoned, and policies of privatization have contributed to a significant restructuring of the economy. These gains have created unprecedented demand for various goods, services and technologies, and new possibilities for investment. In 1997, the total value of two-way merchandise trade was \$8.243 billion — a 13% increase over 1993, the last year before the NAFTA came into effect. In 1997, Mexico had a merchandise trade surplus with Canada of \$5.697 billion. There is strong evidence to suggest that the recorded value of Canada's exports to Mexico is significantly underestimated, perhaps by as much as 50%. For example, goods from Canada are re-exported through the United States and may not be measured as exports to Mexico. The respective statistical agencies of the three NAFTA countries are now working at "reconciling" their trade data.

Canadian exports have become steadily more diversified, with value-added manufactured products accounting for well over 50% of total Canadian exports to Mexico in 1997. Mexico is now Canada's fourteenth-largest export market and third-largest import source. Canada's accumulated FDI in Mexico was \$1.266 billion in 1996; however, announcements in 1997 of seven significant new investments are strong indications that Canadian direct investment in Mexico is rapidly taking off. During the first four months of 1997, Statistics Canada figures show that Canada ranked third in new FDI into Mexico.

With a record 91 commercial deals worth \$230 million, the January 1998 Team Canada trade mission to Mexico was an unqualified success, further evidence of the business potential that Mexico represents for Canada, particularly for the record number of small and medium-sized enterprises (SMEs) that participated in the mission. The official opening, during the Team Canada trade mission, of the Canadian Education Centre (CEC) Mexico, will help to develop the substantial opportunities that exist in Mexico for Canadian suppliers of education and training services.

To maximize trade promotion efforts, DFAIT has recently updated and published its *Mexico Trade Action Plan*. The document identifies five priority sectors that offer substantial opportunities in areas where demand is expected to develop over the medium term: advanced manufacturing technology and industrial machinery; IT and other advanced technology products and services; agriculture and agri-food; automotive maintenance equipment and after market parts; and oil and gas equipment and services.

### **Market-opening Results in 1997**

In 1997, market-opening results were as follows:

- The completion, in July 1997, of the first round of accelerated tariff elimination among Canada, Mexico and the United States, on a number of key products.
- Measurable progress on an interim work plan and a preclearance program allowing the resumption of exports of certain classes of seed potatoes.
- Signature of a Memorandum of Understanding (MOU) in the Field of Telecommunications to serve as a basis for co-operation in this important area.

- A successful appeal by Canadian industry of one final anti-dumping determination by Mexico on Canadian hot-rolled sheet (duties were terminated).
- The completion of a procurement study that successfully underlined Canadian concerns regarding Mexico's compliance with bid-notification requirements.

### ***Canada's Market Access Priorities for 1998***

Over the coming year, Canada will:

- Complete a second round of accelerated tariff reductions on products of interest to the private sector.
- Make further progress on the harmonization and simplification of customs procedures.
- Renegotiate the current seed potato work plan and preclearance program to seek a less restrictive trade in seed potatoes.
- Seek to reduce delays in Mexico's phytosanitary authorization procedures governing imports of Canadian grains.
- Urge Mexico to honour its NAFTA trucking obligations and process a Canadian application to operate a cross-border trucking service into Mexico.
- Closely monitor Mexico's implementation of its WTO commitments under the WTO Agreement on Basic Telecommunications.
- Encourage Mexico to put in place telecommunications equipment and conformity assessment standards that conform to NAFTA requirements, and to clarify telecommunications service licensing provisions.
- Move forward with bilateral discussions to identify options toward the reform of anti-dumping measures.
- Urge Mexico to clarify its list of services excluded from the NAFTA government procurement chapter.

Canadian access to the Mexican market continues to improve and consolidate under the terms of the NAFTA. Prior to the NAFTA, more than 80% of Mexican exports to Canada entered duty-free, while most Canadian exports to Mexico faced MFN tariff

rates of between 10% and 20%. Also, Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as the automotive, financial services, and energy sectors. The elimination of Mexican import licensing requirements and the phasing out of almost all tariffs is helping to provide barrier-free access to a market of over 90 million consumers.

Bilateral trade irritants are being addressed in the various NAFTA working groups and committees. The Canadian government will continue to work on behalf of the Canadian private sector to improve access in a number of areas relating to goods, services and investment, as follows.

### **IMPROVING ACCESS FOR TRADE IN GOODS**

#### ***Trade Remedies***

The Canadian steel industry appealed two final anti-dumping determinations by SECOFI against imports of Canadian steel under NAFTA Chapter Nineteen dispute resolution provisions. In August 1997, as a result of the first NAFTA panel decision, anti-dumping duties were terminated on hot-rolled sheet from Canada. In December 1997, the second NAFTA panel remanded a number of issues in the dumping investigation on hot-rolled steel plate to Mexican authorities for reconsideration. On February 16, 1998, Mexican anti-dumping authorities (SECOFI) issued a re-determination of the duties. As a result, anti-dumping duties were significantly increased. The Panel has until May 18, 1998 to consider the re-determination. It is likely that the Canadian companies involved will challenge the SECOFI re-determination.

The reform of anti-dumping measures between Canada and Mexico consistent with Canada's NAFTA obligations, has been the subject of discussions between the two governments. To date, discussions have not proceeded beyond the preliminary stage.

#### ***NAFTA Accelerated Tariff Elimination***

Virtually all tariffs between Canada and Mexico are being phased out and will be eliminated by 2003. The NAFTA provides for the accelerated elimination of tariffs where countries agree. In this industry-driven

process, tariffs are eliminated based on support in the industry sector concerned. The first round involved elimination of tariffs on July 1, 1997 on a number of products, including spandex monofilaments, tahini and wooden venetian blinds. For the second round, Canada has pursued the accelerated elimination of tariffs on several products, including automotive glass, sardines, electronic door locks and certain textile yarns. Canada will continue to seek accelerated tariff elimination in response to private-sector interests, to further improve Canadian access to the Mexican market.

### **Customs**

Although Canadian industry has not actively pressed concerns about Mexican customs administration, the Government is aware that, at times, the manner in which Mexican customs procedures are implemented impedes the timely delivery of Canadian goods. The Heads of Customs Conference, comprising representatives of the three NAFTA countries, meets regularly to discuss what improvements or changes would be required to streamline the cross-border commercial process. For example, the three Heads have recently endorsed the North American Trade Automation Prototype (NATAP), an effort to harmonize and simplify the data, documents and processes required to complete a trilateral customs transaction. Work is also under way to improve enforcement co-operation, temporary entry procedures, and entry requirements for courier shipments. Under Article 512 of the NAFTA, the parties have also agreed to co-operate and assist each other in the customs area: the Customs Subgroup, a formal trilateral body, identifies, reviews and recommends specific areas for improving the customs administration of the NAFTA.

## **Agricultural Products**

### **Seed Potatoes**

Technical issues threatened Canada's access to the Mexican market in 1997. In October, Canadian Food Inspection Agency officials and their Mexican counterparts reached agreement on an interim work plan, allowing access for certain classes of seed potatoes, which were, for the most part, of limited commercial importance. In January 1998, the two sides agreed on a preclearance program for the shipment of more commercially significant classes of seed potatoes. It is

Canada's intention to renegotiate the current work plan and the preclearance program, prior to the next shipping season (i.e. Fall 1998), to seek a less restrictive and more commercially viable work plan for trade in seed potatoes with Mexico.

### **Phytosanitary Authorization**

At the November 1997 NAFTA Committee on Agricultural Trade, Canada raised concerns about Mexico's "phytosanitary authorization" permits, which are required for most grain imports. Mexico responded that these permits are necessary for grains because phytosanitary regulations have not yet been published. There are frequent delays in the issuance of these certificates, often as long as four to six weeks. Canada requested that Mexico replace the permit system with published phytosanitary import regulations for all grains. Mexico agreed to consider Canada's request. Canada will continue to press for resolution of this issue, both in the NAFTA Committee on Agricultural Trade and bilaterally.

## **IMPROVING ACCESS FOR TRADE IN SERVICES**

### **Trucking**

Canadian trucking companies are interested in the Mexican market. The NAFTA's trucking access provisions were to have come into effect in December 1995. However, the United States did not liberalize its measures because of various concerns, including Mexican truck safety standards. Consequently, Mexico has been unwilling to accept applications from Canadian or U.S. trucking companies for access to the Mexican border states. Following 18 months of discussion with Mexican transport officials, a Canadian trucking company formally submitted an application in January 1998 to operate to and from the Mexican border states. The Canadian government believes that the U.S.-Mexico trucking dispute should not impede fulfilment of Mexico's NAFTA trucking obligations to Canada. Canada will continue to press this issue with Mexico. More generally, substantial progress has been made in harmonizing technical standards for motor carriers under NAFTA Chapter Nine. Canadian transport officials will continue this work with their U.S. and Mexican counterparts, in anticipation of the early opening of the U.S.-Mexico border to trucking services.

### **Telecommunications**

A number of Canadian telecommunications companies are doing business in Mexico. With the conclusion of the ABT at the WTO, access for the supply of services to Mexico has increased, offering more opportunities to Canadian businesses. Canada will closely monitor Mexico's implementation of its WTO commitments. In addition, Canada will continue to urge Mexico to put in place terminal attachment standards that conform to the NAFTA requirements, and to implement conformity-assessment procedures that would allow the acceptance of Canadian test data, as required under Articles 908 and 1304 of the NAFTA. Mexico has made encouraging commitments on both these fronts within the NAFTA Telecommunications Standards Subcommittee. There continues to be a problem, however, with licensing provisions associated with the different types of telecom service operators, due to the insufficient establishment of regulatory guidelines and licensing requirements. Canada encourages Mexico to develop these, to allow Canadian companies to take full advantage of the opportunities available in providing telecom services in Mexico. During the January 1998 Team Canada mission to Mexico, Canada and Mexico renewed their co-operation in the field of telecommunications with the signing of an MOU in the Field of Telecommunications between Industry Canada and Mexico's Secretariat of Telecommunications and Transportation. Both countries have experienced rapid growth in this industry by sharing innovative technologies and by collaborating in the development of telecommunications policy and regulations, and wish to pursue co-operation in this dynamic and increasingly important area.

### **Financial Services**

Mexico significantly liberalized its financial services sector as part of the NAFTA, prompting the Canadian financial services industry to increase its participation in the Mexican market. One area in which Canada is seeking further change in the Mexican regime, however, relates to limited-scope securities firms. While Mexico has no current plans to allow such firms, this may be considered in the medium term. Canada will, therefore, follow with interest Mexico's work in this regard, and will continue encouraging Mexico to

establish new categories of securities firms. Canada will also follow the implementation of pension reform in Mexico. While banks will be allowed to undertake fund management, Canada has noted that foreign securities will not be permitted as part of a Mexican pension fund portfolio, and encourages Mexico to open this market to foreign securities.

### **GOVERNMENT PROCUREMENT**

The implementation of the NAFTA has brought improvements to the transparency and openness of the Mexican procurement process. There are, nonetheless, outstanding Mexican implementation issues, in addition to ongoing access concerns, which the Canadian government is addressing.

#### ***Mexican Services Exclusions List***

Under NAFTA Chapter 10, Mexico is required to complete its list of services excluded from the NAFTA government procurement chapter by July 1995. Mexico has still not finalized its list. Until it does so, Canadian interests in the Mexican market are hindered by the lack of transparency in the Mexican services coverage. The Canadian government places a high priority on an early resolution of this important outstanding market access issue, and will continue to press Mexico to finalize its list.

#### ***PEMEX and CFE Set-asides***

Mexico negotiated set-asides from full NAFTA procurement coverage for the state oil (PEMEX) and electricity (CFE) firms for a transitional period (1994-2002). Canada will continue to monitor Mexico's application of this set-aside.

#### ***Bid Notification Periods***

Chapter Ten obligates the NAFTA parties to publish procurement tenders in a transparent way, so that qualified suppliers from the NAFTA countries have sufficient time to submit bids. A study commissioned by the Canadian government has raised concerns about Mexico's compliance with the notification obligations. Mexico has undertaken to respond to Canada's recent enquiry respecting Mexico's compliance with the notification obligations.

## INVESTMENT

Canadian industry has not encountered any particular obstacles to investing in Mexico. Except in certain clearly defined sectors in which Mexico limits or excludes foreign investment (of particular importance to Canada is investment in upstream oil and gas activities), Mexico does not restrict foreign investment in its economy. Through its Chapter Eleven investment provisions, the NAFTA has also provided greater security for Canadian investors in Mexico. In addition, the Mexican government's ambitious privatization and infrastructure upgrading program is creating new opportunities for Canadian businesses in sectors such as electrical generation, transportation (airports, railways, and ports), and natural gas transportation (pipelines) and distribution.

### MERCOSUR

#### Overview

The Southern Cone Common Market (Mercosur), the customs union comprising Argentina, Brazil, Paraguay and Uruguay, is Canada's largest export market in Latin America. In 1997, Canada's goods exports to Mercosur totalled \$1.825 billion and total imports were \$1.613 billion. Canada's main exports to Mercosur are paper products, potash, wheat, telecommunications equipment, aircraft parts, petroleum products, machinery, malt, minerals, plastics, rolling stock and pharmaceuticals. Investments are concentrated in the aluminium, oil and gas, mining, power, telecommunications and spirits sectors.

Mercosur was officially created in 1991 through the Treaty of Asunción. When fully implemented in 2006, Mercosur will provide for the free circulation of goods and services, capital and labour, a common external tariff (CET), and harmonized macroeconomic and sectoral policies. Partially harmonized CETs were implemented in 1995 and already about 90% of all internal trade is duty-free. The exceptions to the CET, such as the automotive sector in Argentina and Brazil, and hundreds of individual tariff lines for each country, are to be eliminated by 2006. On services, the Mercosur Trade Ministers approved a framework in mid-December 1997, and detailed negotiations should be completed in 1998.

Since its inception, Mercosur has negotiated and entered into free trade agreements with Chile and Bolivia. Free trade talks are under way with the Andean Pact, which comprises Bolivia, Colombia, Ecuador, Peru and Venezuela, and a limited preferential trading arrangement is being finalized with Mexico. Mercosur has also reached an interim agreement with the EU, which is the first step toward full-fledged free trade negotiations slated to begin in 1999.

#### *Canada's Market Access Priorities for 1998*

Mercosur is Canada's biggest market in Latin America. It is the second-largest market in the hemisphere after NAFTA and, as such, is an important player in the FTAA process. Canada and the Mercosur countries have for some time held bilateral discussions regarding the FTAA and, based on this dialogue, they began in 1997 to explore ways to enhance bilateral trade and investment. In October 1997, Canada presented Mercosur with a proposal for a Trade and Investment Co-operation Arrangement (TICA). Mercosur agreed to the Canadian proposal in late 1997. We expect signature of this TICA in 1998. Once signed, the Arrangement will establish a framework for Canada and Mercosur to collaborate on FTAA, WTO and Cairns Group work programs; to create an advisory council of business representatives; to foster private-sector dialogue to facilitate trade and investment in both directions; and to result in a joint assessment of barriers to trade and investment. It would also facilitate collaboration on customs matters, conformity-assessment procedures in specific sectors, and development of co-operative arrangements in the areas of labour and the environment.

Canada will continue to encourage Mercosur member countries to adhere to the Information Technology Agreement (ITA), which was concluded in the WTO in March 1997. Mercosur represents a major export market for Canadian manufacturers of IT products.

Canada is taking part in the WTO review of the Mercosur CET, currently being carried out under Article XXIV of the GATT governing customs unions and free trade areas. The review is aimed at ensuring the conformity of the Mercosur customs union with all relevant WTO obligations. It also concentrates on specific aspects such as the breaches of certain tariff bindings by individual Mercosur

countries that occurred when the CET was implemented. The review process provides for compensation in certain situations, and Canada is pursuing this avenue with Mercosur.

As part of the examination of these breached tariff bindings, Canada is also reviewing the impact on Canadian exports of the temporary three percentage point tariff increases introduced by Mercosur countries at the end of 1997.

## ARGENTINA

### *Pork*

On September 30, 1997, the Canadian Food Inspection Agency (CFIA) and its Argentine counterpart signed a one-year veterinary pilot project, allowing for the export of fresh, chilled and frozen pork from Canada to Argentina, and the export of fresh, chilled and frozen beef from Argentina to Canada. Technical requirements in both countries had previously prevented trade in these products. The pilot project relates only to technical measures. Imports from Argentina are subject to Canada's beef tariff-rate quota.

Notwithstanding the signing of the pilot project, Argentine importers continued to experience difficulties in obtaining import permits for Canadian pork from Argentine authorities. The Canadian Embassy and the CFIA made several representations to Argentine authorities to rectify the situation. The problem now appears to be resolved as we understand that import permits are now being issued. The Canadian Embassy will provide appropriate assistance to Argentine importers of Canadian pork, if they experience further difficulties. Since the pilot project only lasts for one year, the CFIA plans to resume discussions with Argentine authorities to reach agreement on a permanent arrangement.

### *Investment*

Technical discussions on upgrading the existing FIPA between Canada and Argentina were initiated in January 1998. Canada's objective is to improve the existing agreement to provide additional stability and transparency to an already positive bilateral investment relationship. Canadian direct investment, estimated to reach US\$2 billion by the year 2000, remains the basis of Canada's commercial relationship with Argentina. Canada ranks as the third most

important foreign investor in Argentina and is expected to stay in the top five until at least the year 2000. The main focus of this investment has been the oil and gas, mining and energy sectors.

## BRAZIL

### *Increasing Protection for Canadian Investment*

Brazil is one of Canada's highest-priority countries for negotiating a FIPA due to the significant levels and long history of Canadian investment in that country. Current Canadian direct investment in Brazil is valued at more than \$2.7 billion, and continues to grow at a high rate. Even before the recent constitutional changes, which opened Brazil to foreign investment in key areas of interest to Canada (telecommunications, mining and energy), and the extensive ongoing privatization program, Brazil was the recipient of more Canadian investment than most other South American countries combined.

During Prime Minister Chrétien's visit to Brazil with Team Canada in January 1998, the Brazilian government signed a Declaration of Intention to initiate the negotiation of a FIPA by June 1998.

### *Import Credit Restrictions*

In 1997, Brazil introduced provisional measures requiring Brazilian importers to finance their purchases through domestic rather than foreign banks, thereby voiding the competitive disadvantage imposed on local producers by the high-interest rate policies of the Brazilian government. More specifically, the restrictions require that foreign exchange for imports that are financed up to 179 days must be purchased immediately upon clearing the goods through Brazilian customs, i.e. the 180-day credit is eliminated. For goods financed between 180 and 360 days, foreign exchange must be purchased six months before the loan matures. In other words, importers either pay cash on sight for imports, or secure greater than 360-day financing terms from the exporter. The provisional measures do not apply to shipments valued under US\$10 000 or to petroleum products. The Brazilian Central Bank has exempted from these measures its Mercosur partners, as well as Chile, Bolivia and signatories to the Latin American Integration Association dispute resolution agreement. These regulations are being addressed under the

auspices of the WTO, and Canada is monitoring developments to verify whether the Brazilian measure is consistent with the WTO.

### ***Meat***

Canadian meat exporters continue to express concern over Brazil's requirement for the validation of inspection certificates for meat products by the Brazilian embassy or consulates prior to export. From the industry's perspective, this requirement delays the export process, creates additional costs and undermines its competitiveness in the Brazilian market. Canada believes that the requirement is contrary to common international practice, unnecessary for the sanitary certification process, and therefore unnecessarily trade-restrictive. Canada has been making representations to Brazil pressing for the removal of this requirement. Canada raised the issue during the March 1997 Canada-Brazil Joint Economic and Trade Council consultations, and has made further diplomatic representations. Brazil has responded that the possibility of removing this requirement "is currently under evaluation." We will continue to press for the resolution of the issue.

### ***Chicken/Poultry***

Brazil does not allow the importation of Canadian products containing raw or cooked poultry meat on the grounds that Brazil has not yet reviewed Canada's meat-inspection system for poultry or approved Canadian establishments. This policy has hurt the business interests of several Canadian exporters. Canada has proposed that the two countries initiate negotiations on the mutual recognition of poultry-inspection procedures to facilitate the entry of food products containing poultry meat into the Brazilian market. Canada is currently waiting for a response from the Brazilian government.

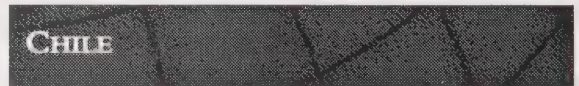
### ***Wheat TRQ***

In late 1996, Brazil notified the WTO of its intention to withdraw a 750 000 tonne duty-free wheat TRQ from its market access schedule. As a principal supplier of wheat to the Brazilian market, Canada notified its intention to claim compensation for the withdrawal of this concession. Canada and Brazil have had a number of meetings to attempt to resolve this issue. However, Brazil has yet to formally recognize

Canada's claim for compensation. Discussions are continuing. In this regard, the recently signed MOU on Agriculture with Brazil could assist in developing solutions.

### ***Subsidies to Exports***

Brazil's export subsidy program (PROEX) provides support to the Brazilian aircraft manufacturer, Embraer, for the export of regional jets. PROEX reduces the cost of financing the purchase of an Embraer aircraft by 3.8 % (or around US\$2 million per 50-seat jet) through what are called "interest equalization" payments. Canada believes that PROEX is a prohibited subsidy under WTO rules, and is concerned about the negative impact that PROEX might have on exports of the Canadair Regional Jet and other regional aircraft to third markets. Canada and Brazil have held discussions over many months regarding support for exports of regional aircraft, both within the structure of WTO consultations and in less formal bilateral talks. In January, Prime Minister Chrétien and Brazilian President Cardoso appointed special envoys to find a solution to the dispute. The envoys will report to the Prime Minister and the President by early April.



### ***Overview***

Over the past year, the Canada-Chile Free Trade Agreement (CCFTA) was ratified by both Canada and Chile, and came into force on July 5, 1997. On that date, tariffs were eliminated on the majority of products that make up Canada-Chile bilateral trade. For products on which tariffs are being gradually eliminated over the next few years, the second round of cuts was made on January 1, 1998.

The implementation of the CCFTA heralds a new era in bilateral co-operation with Chile, which has already expanded significantly in recent years. The total value of two-way trade in goods has more than doubled over the past five years, reaching \$691.5 million in 1997. Canada's exports of goods totalled \$366.7 million and imports reached \$324.8 million in 1997. Canada has become the second-largest foreign investor in Chile, with current and planned investments

approaching \$8 billion. There is every indication that the CCFTA will spawn many new Canada-Chile business relationships and successes. This is evidenced by the overwhelming interest in Chile on the January 1998 Team Canada Mission to Latin America when some 66 business deals worth three-quarters of a billion dollars were signed.

At the first meeting of the CCFTA Commission in Santiago on January 21, 1998, Minister Marchi and Minister Insulza reaffirmed the two nations' commitment to implementing fully the provisions of the CCFTA which will promote enhanced trade and investment flows, and will contribute to stronger economic growth and the creation of new high-quality jobs in both economies. The signature on January 21, 1998 of the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion, the first of Chile's new generation of tax treaties, meets one of the key commitments contained in the CCFTA. This Convention will facilitate the growth in trade and investment between Canada and Chile by establishing a more stable taxation framework for individuals and companies doing business in each other's country. As well, a comprehensive work program, comprising eight committees and working groups, has been launched to carry out the implementation of the major elements of the CCFTA. Significant progress has also been made in promoting co-operation on labour and environment issues under the two side agreements concluded in parallel with the CCFTA.

Looking towards the coming year, the Chilean government has indicated that it plans to liberalize its MFN tariff. Currently, Chile has a uniform tariff where all goods subject to the MFN rate are dutiable at 11%. The change would likely see the uniform MFN rate reduced from 11% to 8%. Although this may reduce the margin of preference enjoyed by Canadians under the CCFTA, in some cases where the Chilean tariff is being gradually phased out under the CCFTA for Canadian goods, Chile has provided Canada with a written commitment to maintain a certain margin of preference if it does indeed reduce its MFN tariff. When the proposal moves forward, Canada will ensure that this commitment is fully honoured.

### ***Taxes on Alcoholic Beverages***

The European Union, United States, Canada and Peru contend that Chile maintains a tax regime which discriminates against imported alcoholic beverages. Canada is therefore participating in WTO dispute settlement proceedings to resolve the matter.


## **FREE TRADE AREA OF THE AMERICAS**

The decision to create a Free Trade Area of the Americas was made by leaders of the 34 democratic countries of the hemisphere, when they met in Miami for the first Summit of the Americas in December 1994. In their "Declaration of Principles," leaders resolved to conclude the FTAA negotiations no later than 2005 and to make concrete progress toward achieving that goal by the end of the century. Trade Ministers were entrusted with the preparations.

Since the Miami Summit, FTAA Trade Ministers have met three times, in Denver (June 1995), in Cartagena, Colombia (March 1996) and in Belo Horizonte, Brazil (May 1997). Their fourth meeting is scheduled for March 1998 in San José, Costa Rica.

At Denver and Cartagena, Trade Ministers agreed that the FTAA should be fully consistent with the WTO; should maximize market openness through high-level disciplines built on existing agreements; should be balanced and comprehensive in scope; and should represent a single undertaking comprising mutual rights and obligations.


In the lead-up to the Belo Horizonte meeting in May 1997, Canada worked closely with FTAA counterparts to ensure progress. Canada's main goals for the meeting were met. At Belo Horizonte, Ministers decided that leaders should formally initiate FTAA negotiations at the second Summit of the Americas in Santiago, Chile, now scheduled for April 1998. To this end, Trade Ministers declared that, at their fourth ministerial meeting in San José, they would formulate how the FTAA talks would proceed, including such features as the objectives, approach, structure and venue for the negotiations. Ministers also decided at Belo Horizonte that countries may negotiate



the FTAA individually or as members of a subregional preferential trading arrangement; that the FTAA should co-exist with — not replace — hemispheric subregional agreements such as the NAFTA; and that a temporary administrative secretariat would be established to support the negotiations. These decisions, specified in the Belo Horizonte Joint Declaration, reflect Canadian priorities related to the timing and nature of the negotiations and the ensuing agreement.

In preparation for the Costa Rican ministerial meeting in March 1998, Canada made several proposals related to the possible structure of the FTAA negotiations. Canada's objective was to ensure that the decision taken with respect to the FTAA negotiating structure would reflect the principles and objectives of sound management, efficiency, flexibility and comprehensiveness of the negotiations. Canada also worked to ensure greater transparency in the preparatory process, including input by the private sector, labour groups and other members of the public.

Canada's goal for the FTAA at the Santiago Summit of the Americas is to see the FTAA officially launched, as planned, with the start-up of detailed negotiations to follow soon after. Many FTAA countries have indicated a reluctance to launch the negotiations if the U.S. administration does not have fast-track negotiating authority in time for the Santiago meeting. While the approval of fast-track would send a positive signal of U.S. potential commitment to hemispheric free trade, it is not a technical requirement for negotiations to begin. Accordingly, Canada is on record as supporting the launch of FTAA negotiations at Santiago, regardless of whether the U.S. administration has received fast-track negotiating authority from Congress.



## 5. OPENING DOORS TO ASIA PACIFIC

Over the last three decades, the East Asian economies have been a very dynamic region of the world, with strong GDP growth, relatively low inflation and sound fiscal finances, and high inflows of foreign capital. In recent years, imbalances began to emerge. In particular, it became evident that the financial systems were underdeveloped, and unable to intermediate properly the large capital inflows and the rapid expansion of domestic credit. As a result, funds were not always channelled to the most profitable ventures and the quality of bank loan portfolios deteriorated. The relatively inflexible exchange rate regimes led to a deterioration in the competitiveness of East Asian exports, particularly as the U.S. dollar rose vis-à-vis the Japanese yen.

In the second half of 1997, a number of Asian economies including Thailand, the Philippines, South Korea and Indonesia, experienced a sharp downward correction of the value of their currency as well as a fall of asset prices. This led the governments of Thailand, Indonesia, and Korea to seek assistance from the IMF, the World Bank, the Asian Development Bank and bilateral donors and to implement reform programs to address the root causes of their problems.

The turmoil in Asia will likely have only a limited impact on Canada's overall economic growth. The crisis will have some effect on reducing Canadian exports to the region, and Canada's tourism industry will also be somewhat affected by the loss of wealth in Asia and the lower purchasing power of Asian currencies. In addition, lower-priced Asian exports may displace Canadian exports to third country markets. Canadian exports may also be reduced to the extent that the crisis slows growth in the United States (our largest trading partner). The direct impacts on Canadian exports, however, can be expected to be moderate, as exports to the region account for only about 8% of total sales abroad. The indirect effects of slower growth in Asia are potentially more significant. Commodity prices have fallen across a broad front, partly in anticipation of economic slowing in Asia and partly due to other factors. Western provinces, in particular British Columbia, with over a third of its exports going to Asia, will be the most affected.

While the Asian economies are likely to experience slower growth over the next few years, it would appear that if necessary reforms are implemented, the long term growth prospects should be bright and conducive to robust demand for Canadian exports of goods and services in Asia.

## APEC

### *Overview*

The APEC forum was established in 1989 to foster economic co-operation on the Pacific Rim. It currently has 18 members: Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; the Philippines; Singapore; Chinese Taipei (Taiwan); Thailand; and the United States. Peru, the Russian Federation and Vietnam will be admitted in November 1998.

Canada chaired APEC in 1997, and hosted the annual Ministerial and Leaders' meeting in Vancouver in November. One of Canada's priorities throughout the year was to pursue initiatives to enhance access to key markets for traders and investors, particularly the "early voluntary sectoral liberalization" process. APEC addresses market access issues via voluntary, individual and collective liberalization initiatives, and through trade and investment facilitation projects that aim to reduce the cost of doing business in the region.

### *Early Voluntary Sectoral Liberalization*

In November 1997, APEC Leaders and Ministers announced an unprecedented commitment to pursue trade liberalization in 15 sectors. In 1995, the total value of APEC members' imports of affected products exceeded \$1 trillion. Ministers agreed to develop appropriate agreements or arrangements for nine of these sectors, and called for details to be finalized in the first half of 1998, with a view to implementing trade liberalizing measures in 1999, wherever possible. The nine sectors on this "A+" list are:

- chemicals
- energy sector
- environmental goods and services
- fish and fish products
- forest products
- gems and jewellery
- medical equipment and instruments
- telecommunications equipment
- toys

For the remaining six sectors — automotive, civil aircraft, fertilizers, food, natural and synthetic rubber, oilseeds and oilseed products — APEC Ministers agreed in Vancouver to undertake further preparatory work throughout 1998.

The Government succeeded in including several sectors of major Canadian export interest, e.g. fish, forest products and oilseeds, in the list agreed at Vancouver. Throughout 1998, Canada will work with its APEC partners to develop high-quality agreements or arrangements that benefit Canadian exporters in each of the nine "A+" sectors and advance Canada's export interests in work on the other six.

At Vancouver, APEC Ministers underlined their desire to build on APEC's early voluntary sectoral liberalization as a basis for extending participation beyond the region and, where appropriate, for incorporation into the WTO. Given the size of the APEC market, the strong commitment on the part of APEC members to pursue sectoral liberalization will be a significant catalyst for further multilateral liberalization in the context of the WTO. Canada attaches considerable importance to the leadership role that APEC exerts in this regard. Finally, coming at a time when much of the region was rocked by the financial crisis, the announcement at Vancouver was a strong affirmation of the important benefits to all economies of pursuing freer trade, rather than turning inward.

### *Trade Facilitation*

APEC endeavours to work with business to identify obstacles to trade and investment, and to co-operate to develop practical means of reducing or removing them. An APEC study completed last year indicates that current commitments by member economies to facilitate intra-APEC trade will have an even larger impact on reducing costs and increasing GDP than will existing liberalization commitments.

In 1997, Canada, as host of the APEC process, focussed on advancing the trade-facilitation agenda. This ongoing work will continue to make regional trade easier and less costly, will improve the predictability of the business environment, and will generate opportunities for networking and partnerships.

Canada was at the forefront of APEC's efforts in 1997 to develop a contribution to the WTO on transparency in government procurement. This contribution should have a positive impact on the

WTO's work on transparency and will demonstrate where it is possible to find agreement on this issue.

In 1997, APEC produced *A Blueprint for APEC Customs Modernization: Working with Business for a Faster, Better Border*; published a handbook of best practices related to customs laws, regulations, administrative regulations and rulings, and a *Compendium of Rules of Origin*; launched the Tariff Database on the Internet; produced a *Guide to Arbitration and Dispute Resolution* in member economies; developed non-binding principles for transparency in government procurement; developed model MRAs for automotive products, road-vehicle standards, and conformity assessments of food and food products; and agreed to develop an MRA on electrical and electronic equipment (safety) standards.

In 1998, Canada plans to advance work in all of these areas, as well as to push member economies to provide access for Canadian business persons that is on par with that provided by Canada to foreign business persons.

All APEC documents are available on the Internet at [www.apecsec.org.sg](http://www.apecsec.org.sg)



	Goods (1997)	Services (1997)
Exports	\$10.760 billion	\$1.495 billion
Imports	\$12.508 billion	\$1.343 billion

Rank: 2 (3.67% of total Canadian goods exports)

## Overview

Japan is Canada's second-largest national trading partner after the United States and the third-largest foreign direct investor in Canada (after the United States and the United Kingdom). Canada is Japan's thirteenth-largest trading partner, and its leading supplier of a number of key commodities and products such as coal, canola seed, lumber and prefabricated housing. Canada is also becoming an increasingly important source of a range of sophisticated, high-tech products for Japan. Japan is also a major source of portfolio investment in Canada.

In 1997, Canada's total merchandise trade with Japan surpassed \$23 billion, with exports of \$10.9 billion and imports of \$12.5 billion. The composition of Canada's trade with Japan continues to evolve in response to changing economic conditions in both countries. Despite continued weak economic growth, Japan's demand for cost-competitive imports continues to grow strongly. Based on Japan Tariff Association statistics, Japan's total demand for imports (valued in yen) increased by 8% in the first eleven months of 1997 as compared to the same period in 1996.

Through *Canada's Action Plan for Japan*, business and all levels of government are co-operating to exploit new export opportunities in six high-growth sectors: agri-food and fisheries; tourism; information technology; consumer products (furniture, sporting goods and giftware); building products; and health care/medical devices. The 1998 edition of the *Action Plan* was released in February 1998. It draws attention to new opportunities that have been created in the Japanese market through continuing structural economic change, deregulation and changing consumer tastes. It seeks to alert Canadian industry to changing market conditions in Japan and to encourage product adaptation.

Under the 1976 *Framework for Economic Co-operation*, Canada and Japan continue to promote the development of trade and the expansion of economic co-operation through mechanisms such as the annual meetings of the Joint Economic Committee (JEC). During Prime Minister Chrétien's visit to Tokyo in November 1996, a new *Canada-Japan Agenda for Co-operation* was announced, which reaffirmed a common commitment to facilitate the expansion of trade and investment through measures designed to improve transparency and market access. This co-operation was advanced further during Prime Minister Hashimoto's visit to Canada in November 1997.

## Market-opening Results in 1997

To expand market opportunities for Canadian exporters, Canada has actively supported the Japanese government's efforts to stimulate the Japanese economy through deregulation, strengthened competition policy and further market liberalization. Given this dynamic environment, in 1997 Canada and Japan successfully addressed a series of issues of long-standing concern to Canadian business:

- Canada, along with the United States and the European Union, concluded negotiations with Japan in settlement of its obligations stemming from the findings of the WTO panel on Japan's liquor-tax regime. However, the required tax changes will not be fully implemented until October 2001. Since this timing bends WTO rules, which normally require implementation within 15 months of the panel result, Japan is paying compensation. By April 2002, it will reduce tariff rates to zero on all distilled spirits products, including Canadian whisky.
- The National Research Council's Canadian Construction Materials Centre (CCMC) signed liaison agreements with the Japanese Ministry of Construction's Building Centre of Japan, as well as with Japan's Centre for Better Living, entitling CCMC to provide technical data for the assessment of building products, as well as to participate in the evaluation and development of new standards.
- Japan agreed to a Canadian request to develop a new standard to expand the use of Canadian softwood concrete-form plywood in Japan (JAS 932).
- Construction of three-storey multi-unit wooden buildings was prohibited in semi-fire-rated zones, until the Ministry of Construction announced an easing of building restrictions in August 1997.
- Japan has agreed to recognize the higher stress-value capabilities of Northern Hemlock and Douglas Fir (Canadian lumber species), allowing for their use in a wider range of applications.
- Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) formally approved the results of a Canadian hay-fumigation test, allowing for baled hay that is fumigated in Canada to enter Japan without the need for further inspection on arrival.
- Japan approved the importation of three varieties of transgenic canola for environmental, food and feed safety in 1996, and has just recently decided to extend the approval to conventionally derived progeny of approved transgenic lines.
- Canada and Japan reached an agreement in principle on revisions to the Canada-Japan Double Taxation Convention. This revision, among other things, will allow for the mutual exemption of local taxes on international transport operations.

### ***Canada's Market Access Priorities for 1998***

Japan's tariff barriers have been steadily reduced through successive rounds of multilateral trade negotiations. In 1997, over 70% of Canadian exports entered Japan duty-free. However, even with full implementation of the tariff reductions achieved in the Uruguay Round, high average tariff rates continue to be applied to many Canadian exports, particularly agri-food products. Canada continues to seek the elimination of duties applied to oilseed products, processed foods, spruce-pine-fir (SPF) lumber and softwood plywood, red meats, fish and non-ferrous metals. At the same time, Canada is continuing to seek the elimination of specific technical and regulatory barriers in Japan to facilitate Canadian exports in priority sectors such as agri-food and building products.

### **IMPROVING ACCESS FOR TRADE IN GOODS**

#### ***Agri-food, Fish and Beverage Products***

Japan is the world's largest net-import market for agri-food, fish and beverage products, and is Canada's second-largest market for agri-food exports after the United States. In 1997, agri-food and fish exports exceeded \$2.8 billion. However, as outlined below, the use of safeguard measures, some specific tariffs, and the applications of food-safety regulations remain matters of concern.

#### ***Safeguard Measures on Chilled and Frozen Pork***

Canada is concerned about the administration of Japanese safeguard measures on pork (in the form of an increased minimum import price and higher tariffs). The safeguard measures are designed to restrain growth in chilled and frozen pork imports. Since they were first triggered in 1995, the safeguards have been a significant complaint of the Canadian pork sector. As currently administered, these measures are causing considerable uncertainty for Canadian suppliers. On February 17, 1997, Canada joined Article XXII consultations with the EU and Japan on this issue in the WTO. Canada's objective is to ensure that any solution being considered by the EU and Japan does not disadvantage Canadian exporters. It is likely that discussions among the EU, the United States and Canada will continue to find a solution that will

meet both Japan's and exporters' interests in eliminating the negative market impacts of the safeguard. In 1997, Canadian exports of fresh and frozen pork cuts were valued at \$337 million.

### ***Tariffs on Canola Oil***

Japan maintains high specific duties, currently between 15% and 20% on an *ad valorem* basis, on most cooking oils (except olive oil) to provide protection to its domestic crushing industry. These duties not only limit imports of crude and refined cooking oils, but also confer a competitive advantage on Japanese crushers that are buying oilseeds in the global market. Canada will continue to press Japan to reduce its specific duties on crude and refined canola oil in the context of an overall multilateral zero-for-zero negotiation on all oilseeds. Japan maintains that the tariffs are not a significant impediment to imports, and that they will not be reduced beyond its Uruguay Round commitments. By April 1, 2000, the tariffs on crude and refined canola oil will fall to ¥10.9 per kilogram and ¥13.2 per kilogram respectively.

### ***Tariffs on Feed Peas***

Canada is interested in exporting feed peas to Japan for use as a protein source in livestock feeds. Japan considers that imported peas compete with domestic peas intended for human consumption. The existing tariff structure does not differentiate between food-grade peas for human consumption and feed peas for use in livestock feeds. Peas are currently imported under a tariff rate of 10%. Because of this tariff, feed peas are not competitive with other protein sources (e.g. canola and soybean meals, and dehydrated alfalfa) that enter duty-free. In addition, there is a TRQ on all dried leguminous vegetables, which includes feed peas and numerous dried food products. This also restricts access, since the TRQ tends to be filled by the higher-value product. Canada has asked Japan to amend its tariff structure to distinguish feed peas from food-grade peas.

### ***Tariffs on Processed Foods***

Japan maintains high tariffs on several processed-food products of concern to Canada. These products include mustard flour, frozen pizza and maple syrup. Canada continues to seek the elimination of tariffs on these products.

### ***Variety-specific Testing of Imported Fruits and Vegetables***

Japan requires that fruits and vegetables (such as apples and tomatoes) be approved for importation on a variety-specific basis. The scientific basis for such an approach is questionable. Variety-specific testing is not only expensive, but also delays the introduction of new varieties into the marketplace, as they are developed. This is particularly problematic for commercially grown tomatoes, as new and improved varieties are constantly being developed for commercial use. For example, after seven years of bilateral discussion and testing, Japan removed the ban on imports of seven varieties of Canadian tomatoes in September 1996. Of these seven varieties, only one is currently in commercial production. Canada has asked Japan to eliminate this requirement for new tomato varieties.

### ***Japan's Food Sanitation Law***

Japan's Food Sanitation Law (FSL) and its related administrative guidelines do not clearly distinguish between "sanitary" and "quality" problems affecting food products. Quality factors do not constitute health and safety risks, and should not, in Canada's view, be addressed in the same manner as sanitary factors. This problem led Japan to ban the sale of 13 brands of Canadian bottled water in 1995, causing significant damage to Canadian trade interests. Canada believes that Japan should refrain from its current practice of prohibiting the sale of agri-food products based solely on its assessment of undesirable non-health and safety "quality" factors.

The FSL also maintains standards for frozen foods that are much more restrictive than those for non-frozen products. This has led to problems at some ports for frozen-food shipments from Canada. Canada does not believe that this distinction is scientifically justified. Problems have also been encountered with testing methodologies employed to ensure compliance with the FSL. Canada hopes to address this issue through a structured technical dialogue between officials.

### ***Inspection of Baled Hay***

To enter Japan, Canadian hay is rigorously inspected on arrival and certified as free of wheat and barley straw, and agropyron plants, that are host to the Hessian fly. Since 1987, Canada and Japan have been

discussing a protocol that would establish fumigation or heat-treatment procedures in Canada for baled-hay imports, eliminating the need for inspection on arrival. Japan's approval of the fumigation treatment became effective on December 19, 1997.

Canadian industry remains interested in pursuing a heat-treatment protocol with Japan. Canada will reevaluate the research conducted for heat treatment and will approach Japan early in 1998 to propose further research.

### ***Establishment of Maximum Residue Levels at Internationally Accepted Levels***

In Japan, Maximum Residue Levels (MRLs) in foods are gradually being established for agricultural chemicals and veterinary drugs. In cases of chemicals or drugs in which no MRL has been established in Japan, zero tolerance is the default level. Canada urges Japan to accelerate its work to establish relevant MRL standards for veterinary drugs and agricultural chemicals that are consistent with international standards established by *Codex Alimentarius*. In the absence of a national MRL, Canada would welcome a decision by Japan to make use of the relevant international standards as the basis for access, until a final determination is made.

### ***"Organic" Trademark***

The Japanese Patent Office has approved the use of the word "organic" in the product name of alcoholic beverages produced by one Japanese company. In a letter to the Patent Office, the Canadian embassy argued that "organic" is a generic term that is widely used and an internationally recognized method of production, and therefore should not qualify for registration by any one company. The Patent Office replied that there is a formal procedure available to affected companies to challenge decisions. This case is causing quantifiable damage to Canadian export interests in Japan.

### ***Live Oyster Exports***

The Canadian Food Inspection Agency (CFIA), in response to a specific request from oyster producers in British Columbia, has recently expressed an interest in pursuing an agreement to permit the export of live oysters to Japan. Japan has concluded such agreements with several American states, e.g. Oregon,

Washington and Connecticut. CFIA met with the Japanese Ministry of Health and Welfare (MHW) in October 1997 to discuss a protocol to allow Canadian exports of live oysters to Japan. MHW is considering sending a fisheries inspector to Canada in 1998 to review fresh oysters from British Columbia.

### ***Acceptance of Transgenic Canola***

Canola seed is Canada's largest agricultural export to Japan, with shipments in 1997 valued at \$860 million. Transgenic technology refers to the introduction of a new trait such as tolerance to specific herbicides through the insertion of a gene from another species into the canola plant. The new varieties are subject to approval by Japan on the basis of environmental, food and feed-safety guidelines. Japan approved the importation of three varieties of transgenic canola for environmental safety in May 1996, and for food safety and feed safety in September 1996, and has just recently decided to extend the approval to conventionally derived progeny of approved transgenic lines. The Japanese system of approval remains a concern. It is likely that this system could pose delays in the acceptance of subsequent transgenic crops, whether they be canola with new transgenic traits or transgenic traits in other crop species. The situation could again arise, where crop varieties are approved for planting in Canada, before they are accepted by Japan. Canada believes that approval on the basis of genetic traits, rather than on varieties, would be more effective and efficient.

### ***Building Products and Housing***

Japan is Canada's second-largest market for building products after the United States, with 1997 exports exceeding \$2.5 billion. Canada continues to be the largest exporter of prefabricated housing to Japan, with sales in 1997 of \$179 million. Canada and Japan have agreed, under the terms of the October 31, 1994, Joint Announcement on Co-operation for Mutual Recognition in the Field of Building Standards between the Japanese Ministry of Construction and Industry Canada, to co-operate closely to reduce housing-construction costs in Japan through regulatory reform, and mutual recognition of standards and test data for building products and construction methods.

Under Japan's Emergency Priority Program for Reducing Housing Construction Costs (announced in March 1996), Japan is now preparing revisions to the Building Standards' Law and Notification 56 (the 2x4 Building Code) to adopt performance-based (rather than prescriptive) building standards. Comprehensive deregulation in the housing sector and further liberalization with respect to imported building products have the potential to cut costs and to stimulate investment significantly in this key sector, to the benefit of Canadian suppliers of wooden building products. Canada will continue to consult bilaterally with Japan on the revision of the Building Code in 1998 to facilitate Canadian exports of building materials.

### ***Tariffs on Wooden Building Products***

Japan's system of tariff classification distinguishes between species and dimension lumber, regardless of the end use. Current tariff rates on certain species of lumber used in the housing industry serve to significantly increase overall costs of wooden housing. This is particularly true of tariffs applied to SPF dimension lumber. Hemlock (or Hem-Fir), Douglas Fir, Sitka Spruce, Yellow Cedar and Red Cedar enter tariff-free, while SPF and Larch are subject to duties ranging from 4.8% to 6.5%. SPF exports were worth more than \$600 million in 1997 out of \$2.25 billion in total softwood lumber exports to Japan. Canada is the dominant exporter of softwood lumber to Japan, and the SPF tariff continues to significantly affect the cost of structural lumber, thereby increasing the cost of housing in Japan.

Current tariff rates on softwood plywood, oriented-strand board, laminated lumber and other board products serve to significantly increase overall wooden housing costs and should be eliminated. Canada will continue to lobby on a bilateral basis in 1998 for their elimination.

### ***Fire Restrictions on Three-storey Multi-unit Wooden Housing***

Construction of three-storey multi-unit wooden buildings was prohibited in semi-fire-rated zones (which cover much of Japan's urban residential areas) until the Ministry of Construction (MOC) announced an easing of building restrictions in

August 1997. While no longer prohibited, construction is still subject to approval under Section 38 of the Building Standards Law, which completely prohibits four-storey wooden housing even in non-fire-rated zones. A successful burn test of a three-storey structure was conducted in March 1996. Based on the results of that test, the MOC has indicated that standards for three-storey multi-unit structures (for both residential and commercial use) will be revised in the context of the overall revision of the Japanese Building Standards Law, which will take effect in July 1999. Canada welcomes this revision, and is urging the MOC to consider the complete removal of the Section 38 provision.

### ***Registered Grading Organizations***

No foreign organization is permitted to administer a program of certification and quality control under the Japan Agricultural Standards (JAS) Law. Certification of competent Canadian organizations as Registered Grading Organizations (RGOs) would significantly reduce the cost of JAS compliance for Canadian producers. A systematic review of the JAS system in co-operation with interested foreign parties would make JAS a more efficient certification process. Canada's Council of Forest Industries (COFI), as a JAS-accredited Foreign Testing Organization, has expressed interest in receiving designation as an RGO, however, Japan continues to reject this request.

### ***Revision of Structural Lumber Standard***

The revision and development of JAS for imported wooden building materials has proven to be a slow and costly process. Canada is currently co-operating with Japan's MAFF to revise a number of standards, including JAS 143 (structural lumber), to facilitate imports into Japan of Canadian wooden building products. Japan has agreed to co-operate with Canada to revise its knot interpretation on JAS 143. Canada maintains that knots should be evaluated primarily on the basis of the impact that they have on structural strength, not just the simple size of the knot on the surface. Canada is asking for consideration of "knot displacement," as is the case for 2x4 lumber.

In addition, Canada has been seeking the inclusion of a laminae standard within the framework of the JAS 143 revision, so that Japanese laminators can source JAS-certified laminae and avoid costly regrading before laminating in Japan. Since March 1995, expert-level discussions involving Canadian technical experts have taken place, resulting in a JAS 143 revision committee. Canada is pleased with the formation of the JAS 143 revision committee, and will urge that knot displacement and a laminae standard be considered at the time of revision.

### ***Horizontal Application Plywood***

Notification 56 of Japan's Building Standards Law currently requires blocking for horizontal application of structural plywood in 2x4 construction. This forces builders to use blocking or, more commonly, to waste up to 25% of the plywood panel, without any significant gains in structural performance. Acceptance of horizontal application plywood without blocking would reduce plywood waste and construction times. Canada has requested an amendment of Notification 56 of Japan's Building Standards' Law to assign a shear wall factor for horizontally applied plywood without blocking. Technical discussions between Canada and Japan continue.

### ***Telecommunications Equipment***

Since 1986, Canada and Japan have agreed to mutual recognition of each other's testing for certification in each country for wired telecommunications equipment. Additional measures are needed, however, to facilitate and reduce the high cost of certification for interfacing equipment for both wired and especially wireless networks. A proposal to discuss mutual recognition of these testing and certification procedures was made to the Japanese Ministry of Posts and Telecommunications (MPT) in January 1997. Canada's desired outcome is to implement MRAs for both wired and wireless equipment that are balanced and transparent. Canada has provided technical information to the MPT as a basis for further discussion.

In December 1997, following representations by Canada and other governments, the Radio Equipment Inspection and Certification Institute (known by the Japanese initials MKK) announced that the processing period for certification requests

would be cut in half, and the rates it charges for certification would be dramatically reduced by up to 35%, with an eventual target of one third of the previous rates.

## **IMPROVING ACCESS FOR TRADE IN SERVICES**

### ***Financial Services***

In late 1996, the Japanese government announced Tokyo's version of a financial market "Big Bang" to be implemented between 1997 and 2001. With the implementation of the revised Foreign Exchange Trade and Control Act, the changes to the Anti-monopoly Act, which will allow financial holding companies and the establishment of the new Financial Supervision Agency in July, 1998, will be a key year in the Japanese financial market-liberalization process known as the "Tokyo Big Bang." Foreign financial institutions are making considerable headway in Japan in areas as diverse as asset and pension management, equity sales and insurance. Several Canadian financial institutions have also upgraded their Tokyo operations to take advantage of opportunities being created by the Japanese financial deregulation process. The Canadian government and Canadian financial companies will continue to follow with interest the restructuring of the Japanese financial sector, and the opportunities that arise with the implementation of bilateral and multilateral financial-services negotiations.

### ***Telecommunications Services***

Japan is implementing significant steps to deregulate its telecommunications services market. In line with the Agreement on Basic Telecommunications (ABT), Japan has taken steps to permit foreign access for the supply of all basic telecommunications services. Foreign investment in new companies is unrestricted. Foreign investment in NTT and KDD is still limited to 20%, but the limit on KDD will be removed with the abolition of the KDD Law in the summer of 1998. Domestic and international simple resale, and Internet telephony, are now permitted, and new rules for interconnection will likely become law by the middle of 1998. This will provide more opportunities and competition for Canadian telecommunications

equipment and service providers. However, the ability of companies to interconnect at reasonable cost to publicly switched networks will be critical for effective market liberalization. Canada will continue to monitor developments in this sector, and to promote new opportunities for Canadian telecommunications equipment and services providers.

## INVESTMENT

Investment in several of Japan's domestic economic sectors is subject to prior notification under the Foreign Exchange and Foreign Trade Control Law. Reserved sectors under the OECD Capital Liberalization Code include agriculture, forestry and fisheries, oil, leather and leather products, air transport and maritime transport. In addition, many other areas are reserved on national security grounds, including the aircraft and aerospace industries, armaments, passenger transport, nuclear power, electricity, gas, heat supply and waterworks. Given the importance of direct investment to trade, Canada will continue to support regulatory changes in Japan that improve the investment climate and facilitate market entry.

## CHINA AND HONG KONG

### CHINA

#### Overview

The People's Republic of China is Canada's fifth-largest export market, and Canada's third-largest, if the Hong Kong Special Administrative Region (HKSAR) is included. Market access issues for China are quite distinct from those for the HKSAR. In 1997, Canada's total exports of goods to China and Hong Kong reached \$3.78 billion, and the total value of imports of goods was \$7.55 billion.

With nearly one quarter of the world's population, China shows great promise of becoming the world's largest consumer market. It is estimated that, by 2010, there will be in excess of 500 million middle-class consumers in China. An increasingly Western lifestyle among the urban middle class, along with a moderating of the Chinese government's isolationist policies,

make this enormous market seem all the more attractive from a Canadian perspective. Moreover, it is important to keep in mind that China consists of a number of distinct regional markets, each operating and evolving in a distinct and often autonomous fashion.

As outlined in the 1998 *China and Hong Kong Trade Action Plan*, Canada's policy approach takes full account of the reality of China's rapidly growing importance in world affairs. Canada considers an economic partnership with China to be a key element supporting long-term relations and encouraging further integration in global and regional political and economic institutions.

Despite the opportunities that China presents, there are a number of significant systemic problems and practices that impede Canadian access to the Chinese market. These issues are currently being addressed in the multilateral and bilateral negotiations on China's accession to the WTO, and Chinese officials have indicated that China is serious about resolving these issues as part of the accession package. These include high import tariffs, inappropriate standards, investment barriers, the ability to appeal rulings by Chinese officials through a judicial review process; equivalent treatment of foreign and domestic firms (national treatment); equivalent treatment of imports from different countries (MFN status); access to foreign exchange; the transparency of the Chinese regime; the uniform application of laws and regulations throughout China; non-tariff barriers (e.g. import licences and quotas); and the subsidization of Chinese manufacturers. As part of its accession to the WTO, China is negotiating bilaterally with its key trading partners, including Canada, and the results will be applied on an MFN basis.

High tariffs on imports are one of the principle impediments to Canadian exports, particularly those that compete against domestically produced goods and those that, as commodities, have a fixed world price. Particular attention is also being given to knowledge-based products that are disproportionate generators of jobs and growth. In addition, high tariffs in a number of agricultural products, combined with gaps in the effective administration of customs, have led to widespread smuggling, which undermines the ability of Canadian producers to compete on an equal footing. This has had a particularly heavy impact on Canadian ginseng sales to China.

A common problem with the Chinese market is a lack of transparency and the inconsistent application of laws, regulations and import practices. This reflects, in part, the decentralized nature of administration in China, and the strength of local centres of power, whose administrative units can often act independently of central commands and of written laws endorsed by the central authorities. In customs procedures, for example, it is not uncommon for the same product to be subject to different levies in different ports, as each has its own administrative and other fees to add to the basic import tariff. This makes for uncertainty in the calculation of export costs and impedes the establishment of consistent, long-term commercial ties. In the case of capital projects, the approval process is often unclear, as is the ultimate decision-making authority on any particular project.

Another key issue is the application of standards, as there are continuing concerns that standards and, in particular, requirements for statutory inspection are being used as impediments to market access, and are not being imposed, as is required by the WTO, in the least trade-restrictive manner possible. Canada, in the context of discussions with China and through the WTO accession process, is attempting to obtain a transparent list of those standards being applied, and is working to identify and eliminate those that are merely qualitative in nature, disguised barriers to trade or unnecessary impediments to imports. The goal is to obtain application of international standards and to increase access through such mechanisms as MRAs.

Canada takes a similar approach to the numerous SPS barriers applied to agricultural products in the Chinese market. There continues to be a lack of transparency in the rules and administration of China's SPS regulatory system. The Canadian Food Inspection Agency is working closely with China on a number of SPS issues, particularly those relating to access for Canadian meat products, tobacco, seed potatoes and seed corn.

## **EXAMPLES OF PRODUCT-SPECIFIC MARKET ACCESS CONCERNS**

### ***Telecommunications Equipment***

Sales of Canadian telecommunications equipment are doing well in China. However, there are some concerns as to the process of tendering for the sale

of such equipment, and the fact that the country's telecommunications regulator, the MPT, is also a supplier that competes with imported products, as well as being the dominant carrier and customer. This creates the potential for undue influence on purchasing decisions. There are also indications that exporters face additional standards to those that have been identified by China.

China maintains a ban on foreign involvement in domestic telecommunications operations. The MPT actively encourages FDI and foreign technology, but does not allow foreign companies to invest in the telecommunications system itself. Entry into the equipment market is possible only through co-operation with Chinese equipment makers in Sino-foreign joint ventures, or by selling goods under an import tariff. Foreign firms can install but not operate telecommunications systems.

### ***Newsprint***

In October 1997, China introduced a new variable tariff, with a steep inverse relationship to price, with base figure of US\$550 per tonne. This scale has the potential of imposing tariffs of anywhere from 3% (for high-priced imports) to 45% (for imports on the low end of the price scale). This variable rate is intended to compensate for loss of revenue from price fluctuations and as a reaction to a dramatic drop in newsprint prices, which had led to imports being priced lower than domestically produced newsprint. Canada has discussed this tariff with China, and has expressed its strong concern as to its potential for distorting trade and production decisions.

### ***Agricultural Tariff Rate Quotas***

China has announced its intention to implement a TRQ system for a number of agricultural imports, which constitute roughly 40% of the value of Canada's exports to China. It is therefore particularly important to Canada that this system be operated in as open, transparent, efficient and predictable a manner as possible, so that it does not distort trade. Canada is continuing to work closely with China to ensure that, if China proceeds, a TRQ system does not disadvantage Canadian agricultural products.

### **Boilers and Pressure Vessels**

China requires that manufacturing facilities of boilers and pressure vessels are inspected by officials from the Ministry of Labour, before the product can be imported. This process requires that companies cover the costs of inspection, including travel for the Chinese inspectors, which can be very costly, particularly to SMEs. Canada continues to promote the adoption by China of the ASME (American Society of Mechanical Engineers) standard for boilers, so that the cost to Canadian manufacturers is reduced.

### **Services**

In the last few years, Canadian service-providers have gained increased access to the Chinese market. However, China continues to limit the operations of foreign-service companies through restrictions on where firms can operate and how many foreign firms can operate in certain sectors, and through regulations, including licensing requirements that discriminate against foreign-service firms. Canada is working as part of the accession process to moderate or remove these restrictions. Canada is particularly interested in increasing Canadian access to the financial, telecommunications and professional-services sectors, all of which are sectors of Canadian expertise and offer great potential in China.

### **INVESTMENT**

Canada considers China to be a top priority for the negotiation of a Foreign Investment Promotion and Protection Agreement (FIPA). According to Statistics Canada, the stock of Canada's direct foreign investment in China was \$368 million in 1996 and potential direct investment is likely much higher given China's market size. Some reforms are underway in China as part of its WTO accession process; however, the economy remains highly centralized and under state control. In sectors open to foreign investment, it is essential that the principle of non-discriminatory treatment, particularly national treatment, apply.

## **HONG KONG**

### **Overview**

On July 1, 1997, Hong Kong reverted to China after 150 years of British rule. It is now officially known as the Hong Kong Special Administrative Region of the People's Republic of China. Details of the sovereignty transfer were determined by the Sino-British Joint Declaration of 1984, and by the Basic Law, the constitution for the HKSAR that was promulgated by the Chinese National People's Congress in April 1990. The Basic Law grants considerable autonomy in economic, trade, cultural and political affairs for 50 years after 1997. The HKSAR has its own financial system, and formulates its own monetary and financial policies. The Hong Kong dollar continues to circulate as legal tender. Hong Kong remains a free port and separate customs territory. It can conduct relations with states and international organizations on the economy, money and finance, shipping, communications, tourism, culture and sports. Under the name "Hong Kong, China," it is a member of APEC and the WTO.

Canadian firms continue to enjoy excellent access to the Hong Kong market, and there are no outstanding bilateral market access issues. The Hong Kong government continues to develop its own economic, fiscal and budgetary policies based on its own interests and its dependence on trade. The policy of minimal government interference in the economy continues to apply equally with respect to trade in goods and services, and to investments.

Hong Kong Telecom announced on January 21, 1998, that it had agreed with the Hong Kong government to allow free competition in international telephone (IDD) services in exchange for a cash payment of US\$865.6 million (HK\$6.7 billion). IDD was the last area in which Hong Kong Telecom maintained a monopoly service. The agreement, which will come into effect on January 1, 1999, effectively makes Hong Kong the most liberal telecommunications environment in Asia.

## INVESTMENT

Significant two way investment flows between Hong Kong and Canada total \$5 billion. Negotiations are continuing with the Hong Kong Government for a Foreign Investment Protection Agreement.

### REPUBLIC OF KOREA

#### Overview

In 1997, Canada's goods exports to the Republic of Korea totalled \$2.881 billion, and imports were \$2.821 billion. Korea is Canada's third-largest market for merchandise exports in the Asia Pacific region (after Japan and China), and the sixth-largest worldwide (after Germany).

In November 1997, South Korea asked the International Monetary Fund (IMF) for financial assistance, after a crisis broke out due to doubts about its ability to repay high levels of private short-term foreign debt. Further uncertainty arose because of the presidential election on December 18, which was won by the main opposition candidate, Mr. Kim Dae-jung. The agreement reached with the IMF calls on Korea to reform its financial sector and corporate structure, and to open its economy wider to foreign goods and investors.

In January 1998, Korea and its international financial creditors agreed to roll over US\$24 billion in short-term debt. While the agreement stabilizes Korea's foreign-exchange problems, it still faces a major restructuring of its domestic economy. Growth will slow substantially while this process is under way, and Korea is expected to sharply reduce its imports in the near term. Nevertheless, Korea remains an important market for Canada, and it should emerge from the present crisis with a stronger economy.

The Canada-Korea Special Partnership Working Group (SPWG) was launched in April 1994 to identify ways to increase and strengthen economic ties between Canada and Korea. The Working Group's goal is to increase co-operation in areas such as trade, investment, industrial co-operation and technology transfer. A subcommittee of the SPWG addresses market access issues. A Committee

on Industrial and Technological Co-operation has also been created to further increase co-operation between the private sectors of both countries, initially focussing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications.

Canada and Korea concluded an MRA on telecommunications equipment during the Team Canada trade mission to Korea in January 1997. Canada and Korea are involved in market access negotiations on telecommunications equipment, focussing on government procurement issues. A positive result in this area will give further impetus to trade in telecommunications equipment between Canada and Korea, and will place Canada on an equal footing with its competitors (the United States and the European Union).

#### *Canada's Market Access Priorities for 1998*

The Republic of Korea's economic policies are designed to promote its domestic industry and exports while discouraging imports of some value-added goods. Generally, tariffs, import licences and import procedures all favour the importation of raw materials and industrial equipment rather than finished goods. While there has been some liberalization of import procedures, significant obstacles and rigidities remain.

## IMPROVING ACCESS FOR TRADE IN GOODS

### *Telecommunications Equipment*

Canada seeks to improve access to private-sector and government procurement in Korea in the telecommunications equipment market. While Korea has implemented the WTO Agreement on Government Procurement, it has excluded purchases by Korea Telecom of telecommunications products and network equipment. Other barriers to access, such as localization policies, are of concern to Canada.

In 1997, Canada and Korea held discussions with respect to procurement. Canada continues to object to the preferential treatment provided by Korea to U.S. and European equipment manufacturers and is seeking the same guaranteed access that is provided to U.S. and EU firms, for both private-sector and government procurement in Korea.

## **Agri-food and Beverage Products**

### ***Tariff Rate Quota on Alfalfa***

Korea's tariff-rate regime for alfalfa involves an applied rate of duty (currently 1% without quota) that is renewable every six months. Canada would prefer a predictable tariff for alfalfa. This would decrease the uncertainty for Canadian suppliers which is important, since this product requires significant fixed investments in Canada.

### ***Feed Barley***

The Korean minimum-access commitment for feed barley is extremely low. Korea opened a temporary 50 000 tonne TRQ for feed barley in 1996 and, in September 1997, tendered two bids for 17 000 tonnes and 50 000 tonnes. Canada has requested a longer-term commitment and an increasing TRQ size to reflect the growing needs of the Korean livestock industry.

### ***Canola Seed and Canola Oil***

Korea's applied tariff rates on canola seed and canola oil remain significantly higher than the applied rates for substitute vegetable-oil products. Since harmonization of tariffs between substitute products will not likely increase overall imports of edible oils, Canada has requested that the tariff margins between canola oil and competing vegetable-oil products be eliminated or reduced. In 1997, the applied tariff rates for canola were 10% for seed, 15% for oil and 2% for feed. The applied rate for soybeans for the same products were 1%, 8% and 3% respectively.

### ***Malting Barley and Barley Malt***

Korea's latest applied tariff rate for malt is 10% versus 5% on malting barley. Previously applied rates, although higher, were equal. This new form of discrimination impedes access to market opportunities. To minimize artificial incentives and disincentives to import one product over another, Canada opposes the introduction of new tariff escalation between raw and processed products.

### ***Tariffs on Feed Peas***

Korea's tariff for feed peas is 30%. Tariffs for competing feed products are generally less than 5% (barley at 1%, feed wheat at 1%). Canada believes that the current tariff discourages the import of feed peas

vis-à-vis other feed imports to the detriment of the Korean domestic feed industry. To allow the Korean compounding industry to have access to this alternative feed product, Canada has requested a tariff of no more than 5% for feed peas.

### ***Soybean Tendering***

The tendering system administered by Korea's Agricultural Fishery Marketing Corporation prevents Korean importers from accessing the high-quality, premium-priced tofu-grade soybeans that Canada produces. Korea has a tariff-rate quota for food-grade soybeans, which is administered through international open tender, mainly on the basis of price. This is an inflexible system that has no provision for price premiums for quality, tendering on small lots or long-term contracting. Canada believes that Korea cannot currently fully supply its soy-processing sector with the required high-quality product and that it would be to the mutual advantage of both countries to provide more options in the administration of imports.

### ***Bottled Water***

Canadian bottled water exporters have experienced a number of technical barriers in Korea. Our major concern has been with respect to Korea's ban on ozone-treated bottled water. Ozonation treatment is used to maintain bottled water quality. It is widely used by the bottled water industry in Canada, the United States and other countries. Canada's position has been that there is no scientific basis for Korea's ban. The ban has effectively precluded most Canadian exporters from taking advantage of the Korean market for bottled water.

In December 1995, Canada held formal WTO consultations with Korea. As a result, Canada and Korea reached a bilateral settlement on April 1, 1996, whereby Korea agreed to amend the relevant laws and regulations to allow the importation of ozone-treated bottled water by no later than April 1, 1997. Unfortunately, Korea was not able to pass its amended legislation until July 30, 1997. Korea then implemented amended regulations a month later. However, the amended regulations have created new problems for Canadian exporters by imposing trade restrictive labelling requirements for ozonated bottled water. Canada made further representations, emphasizing that

we still consider the whole matter unresolved, and Korea has agreed to change the labelling requirements during the first quarter of 1998. Canada will continue to make further representations as necessary to resolve this and other technical market access problems (e.g. Korea's government-mandated shelf life requirements) for Canadian bottled water exporters.

### ***Seal Meat***

Korea maintains an informal import prohibition on seal products and has not yet responded to requests on its certification requirements for imports of seal meat for human consumption. Canada has made representations to Korean authorities pointing out that Canadian seals are not endangered and has asked Korea to allow imports.

The importation of seals was liberalized in Korea as of January 3, 1995. At present, imports of seal meat require approval from the Korean Minister of Health and Welfare, as a Canadian inspection certificate is not sufficient. The Korean authorities will also consider whether the meat has been traditionally or commonly used for human consumption in Korea. Canada will press to obtain the necessary approvals for the sale of seal meat in Korea.

### ***Tariff on Alcoholic Beverages***

The European Union, United States, Canada and Mexico contend that Korea maintains a tax regime which discriminates against imported alcoholic beverages. Canada is participating in WTO dispute settlement against Korea, in order to resolve the matter.

## **INVESTMENT AND SERVICES**

Korea has made significant progress in the liberalization of its foreign-investment regime. The implementation of the measures contained in the 1995 Revision to the Foreign Exchange Reform Plan should further advance the liberalization process, particularly in the area of capital flows and foreign-exchange transactions.

In addition, the commitments that Korea has made with respect to its accession to the OECD will address a number of the concerns that Canada has expressed regarding the Korean financial system and foreign direct-investment regime. As a result of the WTO negotiations in financial services, which

concluded December 12, 1997, Korea has also agreed to bind many of its planned financial-sector liberalization measures in the WTO. Most recently, in its December 1997 agreement with the IMF, Korea has committed itself to extensive capital-account liberalization. All restrictions on purchases of Korean bonds by foreigners will be eliminated. Restrictions will also be relaxed on foreign ownership of Korean equities, as well as foreign takeovers of Korean firms. Lastly, foreign banks and brokerage houses are expected to be allowed to establish subsidiaries in Korea. Canada will continue to press for further financial-sector liberalization in Korea during the next round of WTO services negotiations.

## **CHINESE TAIPEI (TAIWAN)**

### ***Overview***

Chinese Taipei is Canada's fourth-largest Asia Pacific export market, accounting for approximately 6% of our exports to this region. For 1997, total goods exports were \$1.573 billion, making it Canada's ninth largest export destination overall. The total value of Canada's merchandise imports in 1997 was \$3.466 billion. Continued growth in the economy in 1998 is expected to result in further growth in Canadian exports. Chinese Taipei is among Canada's stronger non-NAFTA destinations for value-added products from cars to planes, and a growing market for agricultural and agri-food products.

The economy of Chinese Taipei is trade-dependent: it is a major exporter and a major source of investment for the region, particularly to China and Southeast Asia, and is becoming an important regional importer. This has given strong impetus to trade and market liberalization, though domestic political pressures in this vibrant democracy continue to result in protectionist and discriminatory access conditions.

Canada's goal in the WTO accession negotiations with Chinese Taipei has been to secure more open access for a wide range of Canadian goods and services. Bilateral negotiations with Chinese Taipei began in 1994. Thirteen rounds later, in late 1997, a tentative conclusion was reached. Outstanding details related to commitments for agricultural, industrial

and services products are yet to be clarified by Chinese Taipei and the final offers verified. Completion of these steps is required for formal conclusion of the bilateral negotiations.

Further, in early 1998, subsequent to the tentative conclusion of our bilateral accession talks, Chinese Taipei extended to the United States preferential access for several products, namely meat items of export interest to Canadian suppliers, for the period preceding Chinese Taipei's WTO accession. This incremental discrimination facing Canadian products in the Chinese Taipei market must also be resolved for Canada to officially conclude the bilateral market access negotiations with Chinese Taipei.

Chinese Taipei's undertakings in the accession negotiations include tariff reductions and bindings for goods such as chemicals, pharmaceuticals, paper and medical devices, in line with the zero-for-zero or harmonization arrangements adopted by Canada and others (mainly industrialized countries) in the Uruguay Round. As a member of the ITA, which was concluded in March 1997, Chinese Taipei agreed to the full slate of tariff eliminations on information technology/telecommunications products covered by this plurilateral WTO agreement. Canadian suppliers thus stand to gain more secure and open access for these and other industrial priorities, including plywood and aerospace products. Canadian suppliers' access to the Chinese Taipei market for automobiles will remain favourable, as Chinese Taipei proceeds with the liberalization of its import regime in this sector. For agricultural products, Chinese Taipei's accession commitments will mean improved access for priorities, including grains, oilseeds, meat products and processed foods, plus a range of fish and seafood. Exporters of oilseeds, as well as of several fish items, will enjoy equitable market access terms in the Chinese Taipei market for the first time, as a result of the negotiations. Although some progress was made in improving access for Canadian beef, a commitment for equitable access for all high-quality Canadian beef was not forthcoming from Taiwan. Canada will continue to press Taiwan to end this discriminatory practice.

The past year saw outstanding financial services issues resolved satisfactorily in both the banking and insurance sectors. As well, Chinese Taipei tabled an offer for basic telecommunications services, following the

conclusion of the ABT among WTO members in 1997. Chinese Taipei's final offer on services also includes commitments in other services sectors, including advanced telecommunications and environmental services.

As part of its WTO accession, Chinese Taipei has also applied to join the WTO Agreement on Government Procurement. Bilateral negotiations in this regard have progressed well.

Chinese Taipei has now concluded bilateral negotiations with most of the 26 trading partners with whom talks were undertaken. The focus of Chinese Taipei's accession negotiations will likely shift to the multilateral stage, where the Working Party Report and Protocol of Accession are still to be negotiated.

## INDIA

### Overview

The Indian economy has improved dramatically since 1991, when India launched its program of economic reforms and trade and investment liberalization. India's economic growth rate was 6% per year from 1993 to 1997. The fundamentals of the Indian economy are sound, and it has not been seriously affected to date by the financial problems in East and Southeast Asia. Total Canada-India merchandise trade for 1997 reached a record of \$1.191 billion, with a balance of \$289 million in India's favour. Canadian investment in the Indian market is significant; in 1997, Canada was the fifteenth-largest investor in terms of approvals, with investments in the first ten months of 1997 totalling \$144 million.

India offers significant opportunities for Canadian trade and investment. As well as a high growth rate, India has a middle class (i.e. an economic group with disposable income) of 200 million people whose demand for consumer goods is increasing rapidly. These opportunities were the inspiration for the successful 1996 Team Canada trade mission to India, during which Prime Minister Chrétien led a group of seven Provincial Premiers and Cabinet Ministers, and 300 business people to boost trade and investment ties.

### ***Market-opening Results in 1997***

Within the framework of the WTO, and under agreements reached with Canada and several other countries (the EU, Japan, Switzerland, Australia and New Zealand), India will phase out import restrictions on a very wide range of products that are of interest to Canadian exporters. These import restrictions generally take the form of quantitative restrictions and outright bans on the import of goods covered by about 2700 different tariff items. The restrictions will be removed over three stages — covering the period April 1997 to March 2003 — with the first “batch” of items scheduled to be liberalized at the end of March 1998. India has also committed to phasing out all restrictions on the import of goods covered by the ITA during the first stage, i.e. by March 2000.

### ***Canada's Market Access Priorities for 1998***

Despite the trade and investment potential, several problems remain in gaining access to Indian markets. In general, there is a lack of transparency in decision making and bid selection, and a decreasing, but continuing, use of wide-ranging import restrictions.

A number of significant Canadian projects depend on economic reforms in the sectors outlined below. These issues will be discussed at the Indo-Canadian Joint Ministerial Committee scheduled for 1998. In 1998, Canada also intends to explore the creation of an enhanced bilateral framework for dialogue at the senior officials level on issues related to trade, investment and trade policy.

#### ***Telecommunications***

Canadian firms continue to have difficulties in penetrating the Indian market for telecommunications goods and services. In the basic and cellular services sector, non-transparent bid methods and additional fees added after the bidding process have frustrated access to the market. However, some of the new fees for basic and cellular services have been reduced or eliminated.

India participated in the GATS basic telecommunications negotiations, essentially binding its existing regime, which provides for the government operator plus one other company. The private operator may have foreign equity of up to 25%.

High tariffs (in the 40% to 50% range) also impede Canadian firms' ability to sell in the Indian telecommunications market. However, Canada is encouraged that India has joined the ITA, with a commitment to eliminate its tariffs on a wide range of information technology products by the year 2005 at the latest.

With the recent implementation of the new Telecoms Regulatory Authority of India (TRAI), Canada will regulatory monitor processes in India, as they affect Canadian companies, particularly the transparency of the licensing regime for new carriers.

#### ***Power***

Although power production has been increasing by over 6% a year, and despite strong domestic demand for additional power development, and many government proclamations of fast-track projects and one-stop application processing, few private projects have so far been implemented in the power sector. A lack of transparency, the present regulatory organization and the complications of state-level approval beyond that provided by the central government are further delaying much-needed projects. State electricity boards are largely in poor financial condition and will need greater support, major reforms and/or privatization, before progress can be made to reduce India's significant power-supply shortage. Restrictions in the Indian financial services sector also limit the number of projects that can gain adequate financing. Canada will continue to use every opportunity to advocate further reforms in this sector.

#### ***Financial Services/Insurance***

India was a participant in the WTO financial services negotiations, which concluded in December 1997. During the negotiations, India made some modest improvements to its financial services offer, including the binding of an increased number of bank licences. However, India did not make any significant commitments in the insurance sector, as the Indian government was unable to enact regulatory reform in this area. The Indian insurance sector is completely in the hands of two government-owned monopoly providers of life and general insurance. As Canadian financial institutions consider India's insurance sector, particularly its life insurance sector, a high priority market, the Canadian government will continue to press for reforms in this sector.

### ***Agricultural and Manufactured Goods***

India maintains a large number of restrictions related to balance-of-payments ("negative list"), affecting both agricultural and manufactured goods. The list includes banned items (e.g. offal and animal tallow) and restricted items that require an import licence. A large number of items were removed from this list in the 1997 budget and subsequent annual export/import policy, but more than 2700 tariff lines remain. However, as mentioned above, India has agreed to gradually phase out these restrictions by 2003. Canada will monitor the process.

In addition, the non-transparent licensing system lends itself to inconsistent decisions and circumvention. The purported intent of this system is to protect Indian companies in sensitive sectors such as agriculture and food. However, the effect of these policies on the Indian economy is to permit both public- and private-sector firms to operate inefficiently with little or no competition, and to limit the quality and quantity of goods available to Indian consumers. Tariffs remain high on many items.

Additionally, India continues to increase tariff rates as a means of compensating for decreases in tax revenue. In September 1997, India added a 3% temporary tariff increase on all products. To date, this increase has not been removed.

### **INVESTMENT**

Although FDI has been growing by more than 50% a year since reform began in 1991, India maintains a list of more than 50 sectors, where approval for investments up to 51% of ownership is automatic, if certain other conditions (such as location and performance requirements relating to imports of equity and new equipment) are met. All other investments must be approved by the Foreign Investment Promotion Board, and investments of over R\$3 billion (C\$120 million) or those that may have major (undefined) policy implications must be approved by a Cabinet committee. Foreign investment is prohibited in some service industries. Investment in other sectors is limited to a maximum of 49% foreign equity. Up to 100% foreign ownership is permitted for certain areas, including export-oriented firms, energy, high technology and infrastructure, but approval for such ownership is not guaranteed. The procedures for obtaining investment approvals are often non-transparent.

A foreign investor can own a property for use in carrying out business transactions only with the permission of the Reserve Bank of India or state industrial developmental corporations. Generally, foreign investors must bring foreign exchange into the country for purchase or rental of property. Neither rental income nor the proceeds from a property sale can be remitted outside India at any time, unless the investor is a non-resident national or a person of Indian origin. Legislation for the protection of intellectual property, particularly patents in areas of interest to Canadian investors, is weak.

Canada is negotiating a Foreign Investment Promotion and Protection Agreement with India which, over time, will address these issues and will provide a more stable investment climate.

## **INDONESIA**

### ***Overview***

Indonesia is Canada's largest export market in Southeast Asia and one of the largest destinations of Canadian direct investment in Asia. In 1997, two-way trade in goods reached \$1.57 billion with \$769.2 million of exports to Indonesia and \$808.6 million of imports. Wheat is Canada's single largest export to the market. Canadian oil and gas, and mining firms have considerable investments in Indonesia, and Canadian goods and services' exports in these sectors are growing. Deregulation of the telecommunications sector has opened up good opportunities in this market of over 200 million people.

### ***Canada's Market Access Priorities for 1998***

On January 15, 1998, the Government of Indonesia signed a Memorandum on Economic and Financial Policies (MEFP) with the IMF. The MEFP commits Indonesia to a program of market-based reforms that has far-reaching implications for Canadian goods and services exporters, through a renewed commitment by Indonesia to trade reform. Notwithstanding these recent developments, import licences, a limitation on distribution, and complicated bureaucratic procedures that raise the cost of transactions continue to serve as barriers to Canadian exporters.

Tariffs are applied on an MFN basis to a majority of imports. Through a series of reforms, Indonesia has lowered its average tariff, including surcharges, to 20%. However, tariffs escalate quickly and remain very high in industries such as transport equipment, textiles and paper products. Although Indonesia undertook, in the Uruguay Round, to bind approximately 95% of its tariff lines at a ceiling rate of 40%, key manufacturing sectors remain outside those commitments such as transportation equipment and food-processing equipment. In addition, while import surcharges have been greatly reduced in recent years (and are to be eliminated by 2005 on 95% of tariff lines bound in the Uruguay Round), for non-bound tariff lines, import surcharges remain, and, in manufacturing sectors, the average effective protection is 50%.

The recent elimination of the state-trading monopoly on the import and distribution of certain agricultural products, including wheat and wheat flour, will open up new markets for exporters. Finally, the handling of shipments in Indonesia can be controversial. The Government of Indonesia has introduced an electronic data interchange (EDI) system for customs clearance to eliminate opportunities for corruption and bribery. While the system is now operating, there is still ongoing collusion and bribery. The Association of Indonesian Importers claims that customs officials continue to insist on inspection for spurious reasons, and that this results in bribes to avoid unnecessary delays.

### ***Agri-food and Grain***

Since February 1, 1998, Canadian exporters of food products have faced a maximum tariff of 5% on their exports to Indonesia. Non-food agricultural tariffs are also being reduced, in line with the January 15, 1998, Memorandum on Economic and Financial Policies, to a maximum of 10% by 2003. These lower rates represent a significant liberalizing of Indonesia's previous commitment (e.g. the tariff on wheat flour was 20%, and, on milk, the in-quota rate was 40%, while the ex-quota rate was over 200%).

Effective February 1, 1998, National Logistics Agency (BULOG), the state-trading entity, no longer enjoys its monopoly over the import and distribution of several agricultural goods, including wheat and wheat flour. As a consequence of the enhanced market access, due to lower tariffs and the removal of NTBs,

Canadian agri-food exporters should see increased opportunities. Canada will seek to bind these lower barriers in the WTO.

### ***Licensing and Surcharges***

Notwithstanding the laudable achievements in over 10 years of trade liberalization, Indonesia still retains licences and surcharges that create considerable obstacles for Canadian goods' exporters. Until February 1, 1998, around one third of agricultural and manufacturing production was protected by a complex mixture of import licensing and surcharges on top of tariffs; however, while the agreement between the IMF and Indonesia on January 15, 1998 calls for elimination of many of these measures, it is impossible to judge at this time to what degree and at what pace these changes will be implemented. Canada will continue to urge Indonesia to reduce or eliminate remaining import licensing schemes, as well as the number of tariff lines, particularly for agricultural products, subject to surcharges.

### ***Anti-dumping and Countervailing Measures***

In keeping with its Uruguay Round obligations, Indonesia has recently put into place formal anti-dumping and countervailing legislation. Prior to this, Indonesia used import surcharges to provide relief to domestic firms complaining of damage from imported products. In the fall of 1997, Indonesia commenced an investigation into the alleged dumping of newsprint by certain exporters, including Canadian exporters. In part because of quick intervention by the Canadian government, the Government of Indonesia announced on January 28, 1998, that they had discontinued the investigation into the alleged anti-dumping of newsprint. Canadian officials will remain vigilant to ensure that Indonesia does not improperly use its new legislation to nullify or impair the export of Canadian goods into the market.

### ***Financial Services***

Canadian financial firms have been active in Indonesia for years. Indonesian authorities have gradually relaxed controls on the nature of foreign participation in the Indonesian banking and insurance sectors. The banking crisis in early 1998 caused the Indonesian authorities to open up the market much more quickly than previously envisaged.

### **Telecommunications**

Telecommunications services are another area of key Canadian interest. Canadian officials continue to press Indonesia to liberalize its telecommunications regime.

### **Banking and Insurance**

During the WTO negotiations on financial services, Indonesia made some important improvements to its financial services offer. Improvements included the binding of joint-venture financial institutions as per existing joint-venture agreements, and prevailing laws and regulations, allowing a majority foreign ownership of publicly listed non-banking institution and the removal of discriminatory capital requirements. Because of the crisis in the Indonesian financial sector, Indonesia has liberalized both the banking and insurance sectors further. Canada will seek to have Indonesia fully bind these improvements during future WTO negotiations on financial services.

### **INVESTMENT**

Significant barriers exist for Canadian investors in Indonesia. The current Indonesian policy regime requires that all proposed investments, other than foreign investment in the oil and gas, and many mineral sectors, must receive approval from Indonesia's investment-approval body, BKPM.

Despite improvements in BKPM's procedure in recent years, arrangements for obtaining licences that are needed to implement approved investments can be time-consuming and costly. For example, Canadian investors may be required to obtain a location licence, a building permit, a Nuisance Act Licence, a limited importer certification card, a tax registration, a manpower permit, a master list for importation of capital goods and raw materials, a land title/utilization permit and an operating licence. Each of these requirements causes delay and raises costs for Canadian investors. As mentioned above, Canadian participation in the oil and gas sector, and in most of the mining sector, falls outside BKPM rules. Foreign investment in these sectors is governed by specific sectoral laws and regulations that are administered by the Department of Mines and Energy. The complex regulatory regime, together with time-consuming and costly licensing and approval procedures, serve as impediments to Canadian investment and, in turn, hampers exports of goods and services in support of Canadian investment. Nevertheless, given actual and potential Canadian investment, Indonesia remains a priority country for FIPA negotiations.



## 6. OPENING DOORS TO EUROPE

### EUROPEAN UNION

#### Overview

The European Union is the world's largest single market. The fifteen countries comprising the EU, as a group, now rank as Canada's second most important trading partner after the United States, having surpassed that country in both GDP and population. In 1997, Canada's merchandise exports to the EU amounted to \$16.5 billion, while imports totalled \$24.1 billion. Canadian services exports to the EU amounted to \$6.2 billion in 1996, and services imports from the EU reached \$7.6 billion. The EU is also the second-largest source and destination of FDI for Canada. In 1996, cumulative FDI from the EU amounted to \$38.2 billion, while Canadian direct investment in the EU had grown to over \$34.7 billion.

Canada-EU trade relations are managed through the WTO as well as the 1976 Framework Agreement for Commercial and Economic Co-operation, under which a structure of consultative committees has been established. The *Canada-EU Action Plan*, agreed to in 1996, sets out guidelines for the substance of the relationship, specifically a range of common undertakings in multilateral forums and on a bilateral basis. These include the conclusion of four bilateral agreements (Customs Co-operation, Veterinary Equivalency, Mutual Recognition of Standards Conformity Assessment and Application of Competition Laws), a joint trade study, statistical cooperation, business to business contacts and common endeavours in the WTO in areas such as trade and investment, competition, accessions, services and standards.

Two Canada-EU summit meetings have been held since the Action Plan was put into effect. An Agreement on Customs Co-operation was signed at the December 4, 1997, Transatlantic Summit in Ottawa, and on December 15, 1997, Canada and the EU signed an Agreement on Humane Trapping Standards. Representatives of three Canadian firms and the Business Council on National Issues attended the November 1997 session of the EU-US Transatlantic Business Dialogue in Rome. Consideration is now being given to full corporate participation by Canada in future sessions.

Work is well under way on two other key elements of the Action Plan — a joint trade study on ways to facilitate trade by identifying barriers in specific sectors and recommending ways to remove them. The study also deals with the development of business-to-business contacts, including some specific initiatives for SMEs. Terms of reference for the study have been agreed with the EU and the initial preparatory work has been completed. A draft of the joint trade study will be tabled at the next Canada-EU Summit in May 1998. Recent proposals from the European Commission to extend the transatlantic trade relationship with the United States point to the importance of pursuing the full potential of the Action Plan. Canada is working to trilateralize any EU-US trade initiatives to ensure that Canadian trade and investment ties with the EU are further strengthened and that such initiatives act as a catalyst for broader, multilateral trade liberalization.

In addition, Statistics Canada and Eurostat have begun work on a project that will help to remove discrepancies between Canadian and European trade data.

The process of EU monetary integration and membership enlargement gained momentum during 1997. It is expected that formal negotiations will be launched shortly on the entry into the EU of Slovenia, Poland, Estonia, Hungary and the Czech Republic. Membership for Cyprus is proceeding on a separate, but parallel, track. The final stage of monetary union — the introduction of the Euro and the transfer of the conduct of monetary policy to the European System of Central Banks — is scheduled to begin in January 1999.

Canada is closely examining the expected impact on Canadian trade and investment of these developments, as well as monitoring plans for reform of the Common Agriculture Policy, which is included under European Commission President Santer's Agenda 2000 initiative.

### ***Market-opening Results in 1997***

In 1997, the market-opening results were as follows:

- Canada and the EU signed an Agreement on Customs Co-operation and Mutual Assistance, which will facilitate trade through simplification and harmonization of customs procedures, and will enhance the capacity to deal with violations of customs laws.

- Signing of the Canada-EU Agreement on Humane Trapping Standards restored secure access to the European market for Canadian fur products. This will contribute to increased employment opportunities in many remote northern regions, notably aboriginal communities.
- Conclusion of the Canada-EU MRA on conformity assessment for regulated products in December 1997 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Canada and the EU have concluded negotiations on an agreement on equivalency of health requirements applicable to trade in animals and animal products, which will improve access to Europe for Canadian exports in this sector.

### ***Canada's Market Access Priorities for 1998***

International regulation of trade in goods and services between Canada and the EU is based on WTO rules. Canadian exporters to the EU continued to benefit during 1997 from improved access provided by the ongoing implementation of the WTO agreements. As noted above, Canada and the EU have also negotiated several bilateral agreements going beyond the WTO. However, there remains a range of barriers to trade in the EU of concern to Canada, particularly in the primary sectors. Work on the priority issues, including access for cereals, approval of genetically enhanced canola, restrictions on tallow, eco-labelling, wine-making standards and appellations, tariffs on fish, imports of furs, the banning of asbestos, untreated softwood lumber, beef hormones and a veterinary equivalency agreement, is outlined below.

## **IMPROVING ACCESS FOR TRADE IN GOODS**

### ***Agriculture***

Protection for agricultural producers under the EU's Common Agricultural Policy (CAP) remains a key concern for Canada, since it both restricts access to the EU market for Canadian agricultural products and distorts third-country markets through EU subsidization of the production and export of grains. The accession of five Central and Eastern European

countries will require significant reform of the CAP, if the EU is to maintain adherence to the spending and deficit-reduction targets imposed by the Maastricht Agreement as part of the implementation of European monetary union. EU measures to protect the health and safety of consumers are increasing, and are of major concern to Canada since they are not always based on science and are adversely affecting Canadian exports. Canada will continue to raise these concerns with the EU at the highest levels, as outlined below, and will pursue its rights under the WTO Agreement.

### ***Cereals Import Regime***

Canada maintains that the EU's grain-import regime is inconsistent with the EU's WTO commitments, which set out that no duty is to be applied when the import price exceeds the EU intervention price plus 55%. Rather than determining the duties payable on cereals on a "transaction value" basis, the EU devised a system of reference prices based on U.S. commodity market quotations. These U.S. quotations do not account for the premium price that Canada traditionally extracted from the EU market.

Canada requested a WTO panel on this issue in July 1995, but withdrew the request in December 1995, when an agreement was reached with the EU. The agreement included a 14 ECU per tonne refund on high-quality milling wheat and, for durum, a lower minimum-quality requirement. These changes applied for the balance of the 1995-96 crop year (July 1-June 30). For the 1996-97 crop year, the EU reinstated the higher quality requirement for durum, which served to restrict market access. During the 1997-98 crop year, agreement was again reached whereby the EU lowered the quality requirement, effective to June 30, 1998. Consultations with the EU to seek a more permanent arrangement are ongoing. Renewed WTO action has not been excluded.

### ***Export Subsidies on Agricultural Products***

The EU agreed during the Uruguay Round to reduce its subsidies on agricultural commodities under the Common Agricultural Policy (CAP) by 36%, and to reduce the volume of goods subject to such subsidies by 21%. Notwithstanding these commitments, EU subsidization of agricultural exports, particularly of cereals and malt, remains a major concern to Canada.

In its first export subsidy notification for the marketing year 1995-96 to the WTO Committee on Agriculture, the EU reported that its use of export subsidies had not exceeded its annual commitment levels both in terms of value and quantity. As of mid-February 1998, the EU's export subsidy notification for the marketing year 1996-97 had not been submitted. It is anticipated that in its second notification, the EU will report that its subsidies have not exceeded its scheduled commitments. However, it is likely that the EU will adopt the practice of using a "roll-over" of unused export subsidy commitment quantities from one year to the next for products covered in its schedule. At the WTO Committee on Agriculture, Canada has expressed concern about this practice and will continue to urge all WTO Members to exercise restraint in adopting this reporting procedure.

### ***Alcoholic Beverages***

Assured access for Canadian wines to the EU is conditional on the conclusion of a bilateral agreement. The European Commission requires an agreement in two broad areas: appellations and oenological practices. These issues are now under negotiations.

Canada is pursuing discussions with the European Commission in order to reach an agreement that will provide access to the EU market for Canadian quality-labelled wines. Until now, the main stumbling block has been the inability of both Parties to agree on the protection of European-origin geographical indications. Canada has also sought to obtain from the Commission the recognition of its oenological practices. The Commission's longstanding position has been to link both of these issues to protection of EU-origin geographical indications in Canada.

Given the lack of progress in the discussions, the Canadian wine industry was informed that access to the EU market will be blocked by September 1998 unless Canada concludes an agreement with the Commission.

Canada also seeks to have the "Canadian Whisky" appellation protected under EC regulation in line with the EU's WTO obligation, similar to the protection granted to Scotch Whisky and Irish Whiskey under EC regulations on spirits.

## Fish

Canadian exporters of fish and seafood products continue to be disadvantaged by high EU tariffs. The EU groundfish tariffs on many items of interest to Canada fall within the range of 7.5 to 12%, while coldwater-shrimp exports are faced with tariff rates of 12 to 20% depending on product form. Canadian fish and seafood exports to the EU have declined nearly one third from \$446 million in 1988 to \$304 million in 1996. This is explained in part by the reduced Canadian supply of groundfish, but a more significant factor is the competitive disadvantage to Canadian exports caused by the high level of tariffs. The disadvantage has worsened in recent years with the accessions of Sweden and Finland to the EU, and new preferential terms of access for Norwegian and Icelandic exporters. It will continue to be a priority for the Canadian government to seek improved access to the EU for Canadian fisheries exports, particularly for herring, mackerel, smoked salmon, processed lobster, snow crab, coldwater shrimp and fresh oysters.

## Technical Barriers

A key element of the EU single-market program is the elimination of technical barriers to internal trade through mutual recognition of voluntary national standards, testing and certification of conformity, as well as the legislation of EU-wide directives on essential technical requirements. The directives cover a wide range of goods, including construction products, toys, machinery, electrical goods, telecommunications terminal equipment and medical devices. Compliance with EU technical directives, member-state legislation and/or (where applicable) voluntary standards are prerequisites for access to EU markets for a growing range of goods.

Many Canadian exporters consider the complexity of these requirements, much less their substance, to be a technical barrier to trade. Some EU directives cover several sectors, such as the one dealing with electromagnetic compatibility (EMC). There are others such as the personal protective-equipment directive that apply to only one product or sector. However, there is also a third category, which includes telecommunications-terminal equipment, that stipulates compliance with both product-specific and horizontal requirements.

A draft MRA on certification of conformity with each other's requirements (Telecommunications Equipment and Electromagnetic Compatibility, Recreational Boats, Medical Devices, Pharmaceutical Goods Manufacturing Practices and Electrical Safety) was initialled in May 1997 in Brussels, and is expected to be approved by both the EU Commission and Canada, and to be formally signed in May 1998.

## Genetically Modified Canola

In 1997, the Canadian canola industry decided not to segregate the production of genetically enhanced canola with herbicide-resistant traits from traditional canola production. This was because the varieties registered for commercial production in Canada had all undergone safety assessments and were determined to be substantially equivalent to traditional canola. Canada's largest export markets (Japan, the United States and Mexico) had also approved the traits in the varieties under cultivation in Canada, and it was therefore no longer economically justifiable to segregate production. Some 25% of Canadian canola acreage was grown with genetically modified (GM) canola in 1997. The EU has only approved two of Canada's GM varieties, and thus Canada is unable to export canola to the EU from the 1997 crop. Canada's position is that there are no health and food safety reasons why the GM canolas should not be approved for the EU market.

Canadian canola exports to the EU have averaged \$240 million per year. The lack of approval has affected mutually beneficial trade in oilseeds. EU oilseed crushers periodically import oilseeds from Canada which allows European oil exporters to take advantage of opportunities in third country markets. Canada will continue to take every opportunity to press for access for GM canola exports.

## Specified Risk Materials (SRM) Ban

In July 1997, the EU had proposed to ban the use of specified risk materials (SRMs) as a bovine spongiform encephalopathy (BSE)-related measure. The ban was originally intended to cover products of animal origin intended for food, feed and fertilizer as well as cosmetics, pharmaceuticals and industrial products. The ban would therefore apply to the manufacture of tallow and its derivatives. In February 1998, the Commission announced

amendments to the July 1997 proposal. Starting July 1, 1998, an enlarged list of SRMs will have to be removed in products destined for food, feed or fertilizer use. However, derogations will be evaluated for BSE-free countries and any country not having native BSE cases (Canada is BSE-free). Countries applying for such a derogation will have until January 1, 1999 before the SRM rules come into effect. The Commission has also indicated that pharmaceutical, cosmetic and industry products will now be covered by separate legislation.

The EU ban has the potential to affect about \$60 million of Canadian tallow exports to the EU. Canada and the United States have argued that tallow and its derivatives are heat-treated during manufacturing to a point where the BSE-infective agent is eliminated. Canada has formally requested a derogation for tallow exports in view of Canada's BSE-free status, and the lack of any scientific evidence that tallow carries the BSE agent, if certain good manufacturing practices are adhered to. Canada will continue to make representations to protect our trade interests.

### ***Fur***

In 1991, the European Council passed a regulation to ban all jaw-type leghold traps in the EU by 1995, which would have applied to third countries exporting fur to the EU. In the early 1990s, federal and provincial governments in Canada decided that a wide-ranging agreement on the definition of humane traps would be of greater significance from a trade and animal welfare perspective than a simple domestic ban on jaw-type leghold traps. In mid-1996, Canada, the EU, Russia and the United States started the negotiation of a Humane Trapping Standards Agreement.

On December 15, 1997, Canada and the EU signed the Agreement on International Humane Trapping Standards, and Russia will sign at a later date. Signatories to the Agreement may not apply trade measures against each other. This will ensure secure market access for Canadian fur exports to the EU.

In late December 1997, the United States and the EU signed an Agreed Minute, which is basically equivalent to the EU-Canada-Russia Agreement. The United States-EU arrangement makes it possible for Canadian fur traders and auction houses to combine U.S.- and Canadian-origin furs for shipment to the

EU. Fur shipments entering the EU as of December 1, 1997, must be accompanied by certificates of origin. A certification system is now operational in Canada, which will ensure continued market access to the EU for Canadian fur and fur products.

### ***Chrysotile Asbestos***

Austria, Luxembourg, Sweden, Italy, Netherlands, Finland, Germany, France and Belgium have severely restricted or banned the use of chrysotile asbestos, which is largely imported, in favour of domestically made substitutes. In 1997, Canada exported a total of approximately \$16 million in asbestos and asbestos-containing products to the EU, down from a total of approximately \$50 million in 1993.

The Canadian government, in partnership with Québec, the industry, the unions as well as the affected communities, seeks to maintain market access for asbestos products. Last Fall, Prime Minister Chrétien raised this issue with his counterparts from the United Kingdom and France. Senior Canadian officials have also discussed measures affecting chrysotile asbestos on a number of occasions with their European counterparts.

In December 1997, the Canadian government organized a gathering of government and industry representatives from other asbestos producing countries. Similar meetings were convened in January and February 1998. The goal of these meetings was to develop a common strategy for the maintenance and promotion of the chrysotile asbestos industry worldwide, as well as to address concerns regarding the use of asbestos in Europe.

Canada believes that the bans imposed by many European countries cannot be justified by scientific risk assessments, and that these bans are not proportional to the risks presented by chrysotile asbestos in specified applications. (Indeed, a recent peer review of a technical paper that had been commissioned by the European Commission questions the growing use of asbestos bans in Europe as a means of protecting public health.)

In Canada's view, the scientific evidence favours a controlled-use approach to chrysotile asbestos and therefore the Government will continue to seize all opportunities to persuade the EU and the individual

member states to maintain responsible-use policies instead of imposing bans. Canada attaches the highest priority to protecting export markets for chrysotile asbestos and will consider every available option, including use of the WTO's dispute settlement procedures, to accomplish this objective.

### **Eco-Labeling**

The EU Commission has an eco-labelling program called the "Flower Program". It includes a number of criteria relevant to paper products. The criteria used for the program largely reflect European regulatory requirements. Canadian industry has complained that this discriminates against their products, which are produced on the basis of Canadian regulatory requirements.

At the December 1996 WTO Ministerial Conference in Singapore, Ministers stressed the importance of WTO members following the provisions of the Code of Good Practice of the WTO's Agreement on Technical Barriers to Trade in their eco-labelling programs. Canada will pursue this matter, both on systemic grounds in the WTO, as well as considering other options to address the legitimate concerns of Canadian industry.

### **Phytosanitary Import Regulations**

#### ***Pinewood Nematode***

Since July 1993, the EU has required that Canadian exports of softwood lumber except cedar be either kiln-dried or heat-treated to ensure the elimination of the pinewood nematode (PWN) insect. This requirement has effectively eliminated Canadian exports of untreated softwood lumber to the EU. Canada has indicated on numerous occasions that it views this as an excessive measure, given the negligible risk of transmission of PWN from Canada to the forests of Europe. Canada has proposed, unsuccessfully, alternative mitigating measures to ensure the safety of its exports of untreated softwood lumber in relation to PWN.

Canada is currently assessing its options with the Canadian industry, including pursuing the matter under the WTO.

### **Beef Hormones**

In 1989, the EU banned the use of growth-promoting hormones in livestock and imposed a ban on the importation of beef produced with growth-promoting hormones. Both Canada and the United States consistently opposed the ban on the grounds that it was not based on scientific evidence and was an unjustified barrier to trade. The safety of growth-promoting hormones has been endorsed by the *Codex Alimentarius*, an international body established to set food-safety standards, and by Canada's own scientific reviews. After consultations with the EU failed to resolve the issue, a WTO panel was established in October 1996. In August 1997, the panel released its report, which was favourable to Canada. However, the EU appealed the decision in September 1997.

The report of the WTO Appellate Body set up to review the appeal by the EU was released on January 16, 1998. Although it modified some of the earlier findings, the Appellate Body concluded that the EU ban violated the Agreement on Sanitary and Phytosanitary Measures, because it was not based on a risk assessment. On February 13, 1998, the DSB adopted the panel and Appellate Body reports.

Canada will monitor the EU response to the panel report, as amended by the Appellate Body, to ensure that the EU takes appropriate actions to bring its measure into compliance with the ruling and lifts its ban. WTO members have a reasonable period of time in which to implement panel decisions. Past WTO practice suggests that a reasonable period of time should not exceed 15 months.

### **Veterinary Equivalency Agreement**

The EU is conducting separate negotiations with Canada and a group of other countries, including the United States, Australia and New Zealand, on bilateral agreements on veterinary and health standards for trade in live animals, animal products, fish and fish products. Canada and the EU concluded negotiations in 1997, and Canada is pressing the EU to have the agreement formally signed as soon as possible. Once signed, the Canada-EU Agreement will facilitate two-way trade involving some \$550 million in exports from Canada to the EU and \$250 million in imports from the EU to Canada.

## GOVERNMENT PROCUREMENT

Several EU member states have not yet implemented the procurement procedures required to give effect to the WTO Agreement on Government Procurement (AGP). In addition, procurement in a number of sectors of interest to Canadian suppliers remains closed. Procurement trade is low even between EU member states. Particular barriers that serve to restrict access include standards, certification, qualification and local content requirements. Canada is addressing these issues with the EU in the WTO Government Procurement Working Group and in the context of the Joint Canada – EU Action Plan and Trade Study underway to facilitate trade in goods and services to further reduce or eliminate tariff and non-tariff barriers.

## TELECOMMUNICATIONS

The ABT came into effect on February 5, 1998. As of that date, the EU's internal liberalization of telecommunications services will apply to all members of the WTO. Canada will continue to monitor member state implementation of GATS obligations, particularly with respect to interconnection and the ending of telecommunications monopolies.

### EUROPEAN FREE TRADE ASSOCIATION (EFTA)

#### *Overview*

In a speech to the Canada-United Kingdom Chamber of Commerce on October 23, 1997, Prime Minister Chrétien indicated that Canada would like to see a free trade agreement between Canada and the European Free Trade Association (EFTA). EFTA countries include Iceland, Norway, Liechtenstein and Switzerland. At their December 1997 meeting, EFTA Ministers welcomed Canada's proposal and the prospect of discussing an FTA with Canada.

Two-way trade between Canada and the EFTA countries is significant. In 1997, Canada's goods exports totalled \$1.174 billion and goods imports reached \$4.275 billion. Canadian exports to EFTA countries consist mainly of base metals and minerals, aircraft and vehicle parts, lumber, chemical pulp, fish

and crustaceans, agri-food products (soybeans, cereals and horse meat), electronics and telecommunications equipment. Also, EFTA countries are important sources of job-creating foreign investment in Canada.

Canada's first priority is to conclude Trade and Economic Co-operation Arrangements (TECAs) with individual EFTA countries, which will serve as foundations for discussions on possible future free trade. Minister Marchi signed a TECA with Norway on December 3, 1997, and with Switzerland on December 9, 1997. A TECA with Iceland should be concluded in early 1998. The TECAs will further enhance economic relations between Canada and the respective countries, stimulate increased cooperation in areas of mutual concern, including in multilateral fora, and encourage alliances between companies in Canada and the respective EFTA countries.

Discussions with individual EFTA countries will likely occur in the spring and early summer of 1998, under the auspices of the respective TECAs. In addition to reviewing bilateral trade and economic relations, and developments in the multilateral system, Canada intends to use these discussions to explore the scope of possible FTA negotiations. Canada will consult closely with Canadian businesses, provinces and other interested parties to determine Canadian priorities and objectives with respect to the EFTA.

### RUSSIAN FEDERATION

#### *Overview*

In 1997, Canada's goods exports to the Russian Federation reached \$335.3 million; imports totalled \$621 million. Canada's services exports are estimated at \$300 million per year. The stock of direct Canadian investment in Russia exceeds \$500 million, which includes approximately \$200 million invested by Canadian mining companies in the past three years. The Government is working to improve access to this important market for Canadian traders and investors along three main tracks: the bilateral Intergovernmental Economic Commission; the negotiations on Russia's entry into the WTO, and through the negotiation of a new Foreign Investment Promotion and Protection Agreement (FIPA).

### **Bilateral**

The Intergovernmental Economic Commission (IEC) helps to identify and resolve difficulties and obstacles faced by Canadian companies in Russia. Sectoral working groups focussing on oil and gas, agriculture, housing and construction, and industry development in advanced technologies, work to enhance opportunities for Canadian traders and investors. An additional working group may be created to focus on standards and certification issues, which pose significant challenges to Canadian companies across a number of sectors. For example, Canadian exporters face a multitude of product testing and certification requirements before their products can enter the Russian Federation; different products often require multiple certificates of conformity (i.e. fire, health, occupational safety), each of which are issued by different and sometimes competing Russian regulatory authorities; and public information on regulatory requirements is often difficult to obtain.

Through the IEC and other bilateral initiatives including technical cooperation, Canada is promoting reforms to the tax code; dispute settlement and contract enforcement procedures; and policy frameworks for resource development; as well as pressing for the removal of numerous administrative barriers to trade and investment, and uniformity in the application and enforcement of laws and regulations.

### **WTO Accession**

The Russian Federation applied to join the WTO in 1993. Canada is a member of the WTO working party charged with examining Russia's application and is holding bilateral discussions with the Russian Federation to advance the accession.

Throughout discussions held in 1997, Canada has underlined its support for Russia's eventual membership in the WTO on commercially viable terms generally applicable to newly acceding members. Russia's membership in the WTO will give Canadian traders and investors enhanced and more predictable access to this important market. It will also consolidate the economic transition process in the Russian Federation and strengthen the multilateral trading system.

Although much has been achieved in recent years, considerable work remains before Russia's trade and economic system will be in conformity with WTO disciplines. Throughout 1998, Canada will continue to press for increased transparency, as well as more open, secure and non-discriminatory market access for Canadian goods and services providers.

The Russian Federation presented its initial tariff offer in February 1998. This sets the stage for bilateral negotiations in which Canada will seek tariff concessions on products of current and future export interest to this market, such as oil and gas equipment, agricultural and agri-food products, vehicles and telecommunications equipment. Canada will, among other things, look to Russia to bind all its tariffs at or below currently applied rates; to join various zero-for-zero initiatives agreed in the Uruguay Round; and to provide non-discriminatory access, for example, in the oilseeds sector.

With regard to market access for services, the Russian Federation may present an initial offer in 1998. In subsequent negotiations, Canada will look for Russia to take binding commitments in the temporary movement of natural persons and the establishment of commercial presence. Canada has particular interests in the areas of professional and other services, including computer and related services, basic and enhanced telecommunications, financial services, construction services, environmental services and transport services. Canada will be looking for the removal of restrictions and discriminatory measures for the cross-border, consumption-abroad and commercial-presence modes in these sectors.

### **Investment**

Given the potential for natural resource development and other forms of infrastructure, services and industrial investment, Canada and Russia began negotiations in January 1998 on a new Foreign Investment and Protection Agreement (FIPA). The existing FIPA, signed between Canada and the USSR in 1989, falls short of the desired level of protection for Canadian investors. A new FIPA would improve conditions for increased Canadian investment, including in several large infrastructure projects now under negotiation.

Current risks for investors in the Russian Federation include uncertainty regarding the provisions of pending domestic investment legislation and the application of the rule of law more generally, including the enforceability of the existing FIPA. Through 1998, in addition to working to conclude negotiations on the new FIPA, the Government will continue to advocate on behalf of a number of Canadian companies that are involved in investment-related disputes in the Russian Federation.

## UKRAINE

Ukraine applied to join the WTO in 1994, as part of its general program of market orientation and integration into international organizations. Over the coming year, Canada will continue to focus on the need for increased transparency and more open, secure and non-discriminatory market access for Canadian exports of goods and services. Canada is a member of the WTO working party that is charged with examining Ukraine's application. In the working party, Canada will continue to pursue specific market access issues such as trade activities of state enterprises, including barter trade; government procurement; subsidies, pricing and taxation; intellectual property protection; the customs system; standards and other technical barriers to trade; agricultural sector policies; policies and regulations affecting services trade; and trade agreements with other CIS member states.

In addition, as part of the accession process, Canada has started bilateral market access negotiations with Ukraine on both goods and services. Ukraine is an important market for Canadian exporters. Our goods exports for 1997 totalled \$22 million, and imports were \$27 million. Canada is seeking lower tariff levels and the removal of NTBs on products of export interest such as oil and gas equipment, agri-food products and equipment, construction materials, high-technology products and additional industrial items. Canada will look to Ukraine to bind its tariff commitments; to join various zero-for-zero and harmonization initiatives agreed in the Uruguay Round; and to provide non-discriminatory access for products such as oilseeds. Canada is also seeking commitments from Ukraine in key services areas, including professional, telecommunications and financial services. Canada is looking for binding commitments in the temporary movement of natural persons and the regulations that allow foreign services firms to establish a local presence in Ukraine.

Through the Canada-Ukraine Intergovernmental Economic Commission, Canada is working with the Canadian business community to identify specific measures in Ukraine that inhibit bilateral trade and investment, and to raise these in plenary and working group sessions with senior Ukrainian Ministers and Ukrainian business people. Taxation, standards and discretionary application of regulations are among the key issues under review.



## 7. OPENING DOORS TO OTHER KEY MARKETS

### AUSTRALIA

#### Overview

Australian imports from Canada amounted to \$932 million in 1997, while Canadian imports from Australia amounted to \$1.177 billion for a two-way total of \$2.109 billion. Canadian sales successes in Australia continue to be oriented toward fully manufactured goods, a pattern closer to that of the United States than of any other Asia Pacific market. Almost 75% of what Canada ships to Australia is manufactured goods and end products, much of this originating with SMEs.

There are natural affinities between Canada and Australia arising from similar legal and regulatory systems, comparable federal structures and a trading relationship reaching back over 100 years. Most trade between the two countries takes place at MFN rates, including substantial amounts at duty-free rates.

As of July 1, 1997, most MFN applied rates were at, or below, 5%. However, some tariff peaks reaching into the 25% to 30% range remain, e.g. passenger motor-vehicles, textiles, clothing and footwear. Some important non-tariff measures have an impact on market access, especially the tough sanitary and phytosanitary requirements imposed by the Australian Quarantine and Inspection Service. Most fisheries, meat, livestock, fruit, vegetable and food product imports face restrictive measures, ranging from prior approval and lengthy time delays in quarantine (e.g. Canadian dairy and beef breeding stock, and ostriches) to outright bans (fresh, chilled and frozen salmon). Other measures affecting access for Canadian goods and services include product standards; government procurement practices (which vary from sector to sector, and from Commonwealth to state levels); and trade-remedy laws (Australia is among the most active users of anti-dumping and countervailing duty statutes).

#### Salmon

Since 1975, Australia has prohibited the importation of fresh, chilled and frozen salmon on alleged fish-health grounds. Canada's position is that there is no scientific basis for the ban. In 1994, Canada held

GATT consultations to press Australia to review the measure. Following consultations, Australia agreed to conduct an Import Risk Assessment (IRA) of wild Pacific salmon imports. In May 1995, Australia issued a draft IRA, concluding that imports of wild, headed and gutted Pacific salmon from Canada and the United States presented a "negligible" risk of disease introduction, and should be permitted under certain conditions. The draft IRA encountered strong domestic criticism, however, particularly by the Tasmanian salmon producers. As a result, Australia undertook to conduct a comprehensive review of all the comments made on the original IRA and to publish a second version of the draft IRA. After many delays, the revised IRA was released for public comment in May 1996. Canada stated its disappointment with the new IRA on the basis that it backtracked from the conclusions of the original IRA. On December 20, 1996, the Australian government announced its decision to maintain the ban.

On April 10, 1997, the WTO acceded to Canada's request for the establishment of a dispute settlement panel. The panel held its first hearing with the Parties in September 1997, and its second oral hearing in February 1998. The panel is expected to issue its final report by the end of May.

### **Pork**

Canadian pork exports to Australia have been hampered by numerous market access problems in recent years, including several technical barriers. In January 1993, Australia imposed controls on fresh, chilled and frozen pork from Canada, based on alleged animal-health concerns. These controls effectively ban the importation of Canadian fresh, chilled and frozen pork for retail sale, but do allow the importation of Canadian pork for processing, based on cooking requirements on arrival in Australia. Canada has made representations objecting to these controls on grounds that they are unnecessarily trade-restrictive, but the issue remains unresolved.

In response to interest from Canadian exporters, Canada made a request for access for cooked pork products in April 1996. Following considerable delays, and several Canadian representations, Australia announced in November 1997 that it would allow the importation of cooked pork products from Canada. Following further technical-level discussions, Canadian exporters are now able to export cooked pork to Australia.

## **ISRAEL**

One year into the Canada-Israel Free Trade Agreement (CIFTA), bilateral trade between the two countries is increasing steadily. Two-way trade in goods expanded to \$533 million in 1997, an increase of 5% from 1996. Canadian firms continue to make strong gains in such priority areas as telecommunications; power and energy; transportation; agri-food; and construction equipment and products.

The biggest factor in increased trade between the two countries is the removal of virtually all tariffs on industrial products, and the reduction of many tariffs on agriculture and agri-food products. As provided for under the CIFTA, it is anticipated that Canada and Israel will begin discussions in 1998 to further liberalize trade in agriculture and agri-food products. Key areas of export interest include fish, fresh and frozen fruit and vegetables, and prepared frozen foods.

## **WEST BANK AND GAZA STRIP**

Canada is committed to providing the same preferential trade terms to goods originating from the West Bank and Gaza Strip as goods that originate from Israel. Discussions on how this can be achieved and how best to further promote our trade and investment relations are ongoing. Further consultations with the Palestinians to finalize a Memorandum of Understanding on enhancing trade and economic co-operation will be undertaken in 1998.

## **SAUDI ARABIA**

Multilateral negotiations regarding Saudi Arabia's accession to the WTO began in May 1996. Canada's underlying objective in both the bilateral and multilateral negotiations is to secure reform and market access commitments that are commensurate with Saudi Arabia's role in global trade and its importance to Canada as our 25th-largest export market with \$478.1 million worth of goods exports in 1997.

A full examination of Saudi Arabia's international trade-policy regime is proceeding in the WTO working party. Key issues still under review include agricultural policy, particularly domestic support, intellectual property rights and flexibility requirements upon accession. Canada and Saudi Arabia have just begun bilateral market access negotiations on goods and services. The initial offers made by Saudi Arabia in September 1997 were modest. On goods, Canada has requested concessions on approximately 200 tariff lines, including key agricultural and industrial exports such as fish, grains, wood products and auto parts. Canada is also seeking Saudi Arabian compliance with WTO multilateral agreements, including existing zero-for-zero agreements, the ITA and the Pharmaceutical Agreement, as well as the Agreement on Government Procurement. On services, Canada is seeking more open and predictable access for its service providers in key sectors such as telecommunications and environmental services. Canada also wishes to ensure that Canadian business personnel have rights of temporary movement that allow them to enter Saudi Arabia as required to deliver their services.

### **Investment**

Canadian FDI in Saudi Arabia is \$6 million, and investment potential is high, given Saudi Arabia's announcement of new investment requirements in the area of power generation/transmission (\$160 billion over the next 25 years), telecommunications (\$8 billion over the next 10 years) and natural gas (\$5.5 billion over the next five years). Canada and Saudi Arabia will begin formal negotiations on a FIPA in 1998.

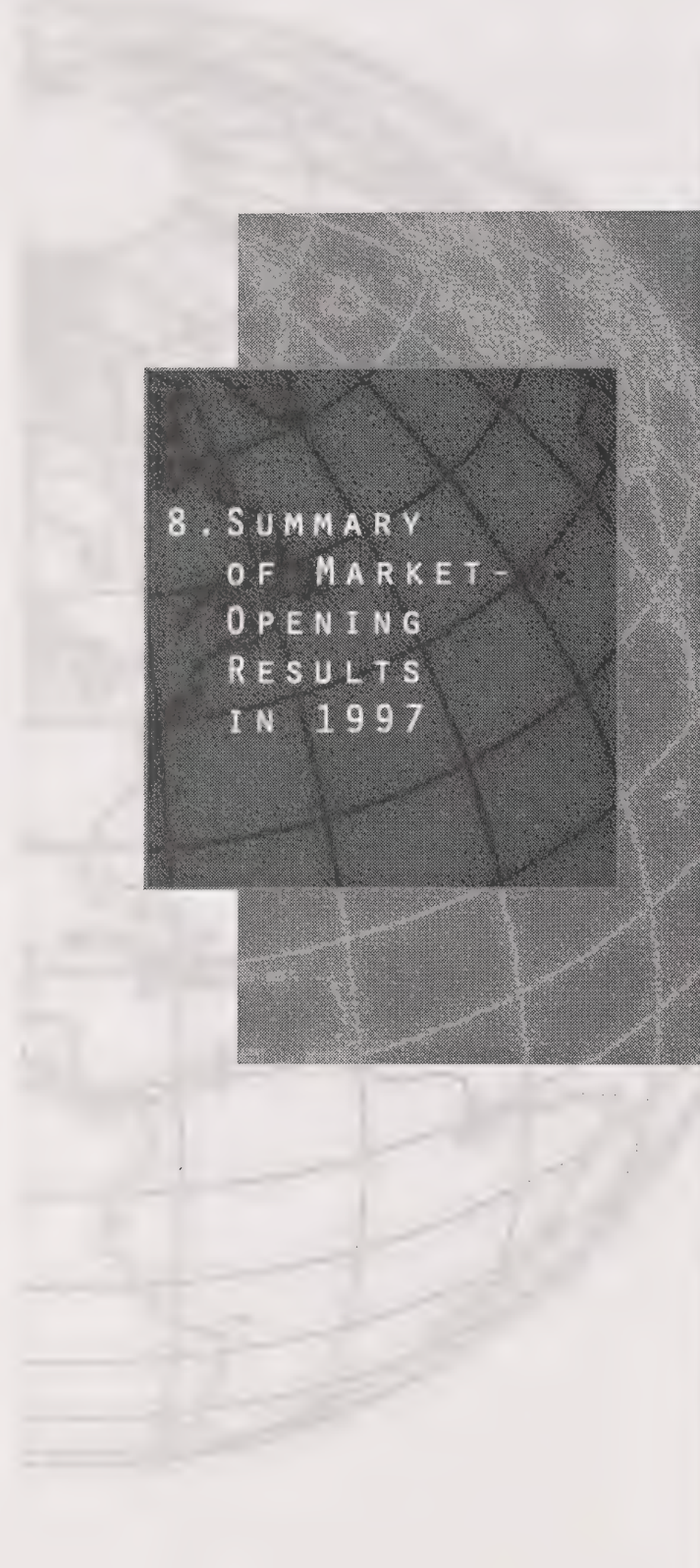
## **SOUTH AFRICA**

South Africa is Canada's top export market in Sub-Saharan Africa. In 1997, Canadian goods exports to South Africa reached \$350 million. Canada had extended General Preferential Tariff status to South Africa in 1994. Imports from South Africa were over \$490 million last year. Canada and South Africa are considering putting in place a framework to enhance our dialogue on trade and investment issues. In the meantime, discussions to finalise a Canada-South Africa Foreign Investment Protection Agreement (FIPA) are proceeding.

In late 1997, Canada provided a programme of technical assistance to South African trade policy specialists. This was in support of South Africa's effort to strengthen its capacity to develop and implement trade policy priorities, for example, in relation to its rights and obligations as a Member of the WTO. Building on this successful cooperation, in the coming year, Canada will explore ways to enhance trade and economic cooperation with South Africa on bilateral and multilateral issues of mutual interest.

Canada is concerned by recent reports of proposed South African tariff rate increases affecting imports of products such as wheat and poultry. The Canadian government is monitoring the situation in order to identify any impact on Canadian exports and to verify whether the proposed increases in tariff rates are consistent with South Africa's WTO obligations.

Canada is also monitoring developments in the trade negotiations between South Africa and the EU, as well as progress in the trade liberalization talks within the Southern African Development Community (which includes Angola, Botswana, Democratic Republic of Congo, Lesotho, Malawi, Mauritius, Mozambique, Namibia, Seychelles, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe).



## 8. SUMMARY OF MARKET- OPENING RESULTS IN 1997

### WORLD TRADE ORGANIZATION (WTO)

- Negotiations on an Agreement on Basic Telecommunications (ABT) concluded in February 1997, with the participation of countries accounting for over 90% of worldwide telecommunications revenues. The agreement, which came into effect in February 1998, gives Canada secure access to key markets in the United States and the EU; improved opportunities to serve countries in Asia and Latin America; and the benefits of a transparent, multilateral, rules-based trading framework.
- In March 1997, Canada and 42 other governments concluded the Information Technology Agreement (ITA), creating a duty-free market representing over 92% of the US\$500-billion-a-year world trade in information technology products. With tariff cuts having started in July 1997, the ITA will lead to improved market access, lower prices on inputs for Canadian producers, and growing markets.
- In December 1997, Canada was one of 70 countries that successfully concluded negotiations on a financial services agreement. The agreement, which covers countries representing over 95% of world trade in financial services, will give Canadian financial institutions improved access to key markets in Europe, Asia and Latin America, and should lead to new export and job opportunities in Canada.

### INVESTMENT

- Canada successfully concluded Foreign Investment Promotion and Protection Agreements (FIPA) with the following five countries: Thailand; Croatia; Lebanon; Armenia and Uruguay. These agreements will help to create secure investment climates for Canadian investors and to promote bilateral investment.
- In addition, the FIPAs which Canada had signed in 1996 with Barbados and Equador came into force.

## UNITED STATES

- Building on the 1995 "Accord on our Shared Border" Canada and the United States pursued several initiatives in 1997 to speed road, rail and sea transit, as well as in-transit preclearance at Canadian airports.
- Amendments to Canada's Foreign Extraterritorial Measures Act effectively serve to prevent the enforcement of judgements under the U.S. Helms-Burton law in Canadian courts, and allow a Canadian company to sue to recover damages awarded against it by a foreign court.
- Canada and the United States implemented an agreement on trade in sugar and sugar-containing products that gives Canadian exporters of these products assured access to the U.S. market.
- A comprehensive allocation system under the five-year Canada-U.S. Softwood Lumber Agreement was successfully implemented on behalf of Canadian industry and of the producing provinces. This system provides for greater predictability for Canadian exporters planning softwood lumber shipments to the United States.
- Canada successfully defended against U.S. pressure to reduce Canadian exports of wool suits, sport coats and pants.
- Unrestricted access to the U.S. grain market was maintained in the face of political pressure on the administration from Congressional representatives for a return to a more restrictive import regime.
- A group of 21 non-profit citizens' organizations filed a challenge on the constitutionality of Chapter Nineteen of the NAFTA and the FTA. That challenge was later dismissed for lack of standing before the court.

## MEXICO

- The completion, in July 1997, of the first round of accelerated tariff elimination among Canada, Mexico and the United States, on a number of key products.
- Measurable progress on an interim work plan and a preclearance program allowing the resumption of exports of certain classes of seed potatoes.

- Signature of a Memorandum of Understanding (MOU) in the Field of Telecommunications to serve as a basis for co-operation in this important area.
- A successful appeal by Canadian industry of one final anti-dumping determination by Mexico on Canadian hot-rolled sheet (duties were terminated).
- The completion of a procurement study that successfully underlined Canadian concerns regarding Mexico's compliance with bid-notification requirements.

## ASIA PACIFIC ECONOMIC CO-OPERATION (APEC)

- In November 1997, APEC members agreed to pursue an ongoing program of voluntary liberalization in 15 sectors with nine priority areas: chemicals, energy sector, environmental goods and services, fish and fish products, forest products, gems and jewellery, medical equipment and instruments, telecommunications equipment and toys. Several Canadian export priorities are included in this list.

## JAPAN

- Canada, along with the United States and the European Union, concluded negotiations with Japan in settlement of its obligations stemming from the findings of the WTO panel on Japan's liquor-tax regime. However, the required tax changes will not be fully implemented until October 2001. Since this timing bends WTO rules, which normally require implementation within 15 months of the panel result, Japan is paying compensation. By April 2002, it will reduce tariff rates to zero on all distilled spirits products, including Canadian whisky.
- The National Research Council's Canadian Construction Materials Centre (CCMC) signed liaison agreements with the Japanese Ministry of Construction's Building Centre of Japan, as well as with Japan's Centre for Better Living, entitling CCMC to provide technical data for the assessment of building products, as well as to participate in the evaluation and development of new standards.

- Japan agreed to a Canadian request to develop a new standard to expand the use of Canadian softwood concrete-form plywood in Japan (JAS 932).
- Construction of three-storey multi-unit wooden buildings was prohibited in semi-fire-rated zones, until the Ministry of Construction announced an easing of building restrictions in August 1997.
- Japan has agreed to recognize the higher stress-value capabilities of Northern Hemlock and Douglas Fir (Canadian lumber species), allowing for their use in a wider range of applications.
- Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) formally approved the results of a Canadian hay-fumigation test, allowing for baled hay that is fumigated in Canada to enter Japan without the need for further inspection on arrival.
- Japan approved the importation of three varieties of transgenic canola for environmental, food and feed safety in 1996, and has just recently decided to extend the approval to conventionally derived progeny of approved transgenic lines.
- Canada and Japan reached an agreement in principle on revisions to the Canada-Japan Double Taxation Convention. This revision, among other things, will allow for the mutual exemption of local taxes on international transport operations.

## INDIA

- Within the framework of the World Trade Organization (WTO), and under agreements reached with Canada and several other countries (the European Union, Japan, Switzerland, Australia and New Zealand), India will phase out import restrictions on a very wide range of products that are of interest to Canadian exporters. These import restrictions generally take the form of quantitative restrictions and outright bans on the import of goods covered by about 2700 different tariff items. The restrictions will be removed over three stages — covering the period April 1997 to March 2003 — with the first “batch” of items scheduled to be liberalized at the end of March 1998. India has also committed to phasing out all restrictions on the import of goods covered by the ITA during the first stage, i.e. by March 2000.

## EUROPEAN UNION

- Canada and the EU signed an Agreement on Customs Co-operation and Mutual Assistance, which will facilitate trade through simplification and harmonization of customs procedures and, will enhance the capacity to deal with violations of customs law.
- Signing of the Canada-EU Agreement on Humane Trapping Standards restored secure access to the European market for Canadian fur products. This will contribute to increased employment opportunities in many remote northern regions, notably aboriginal communities.
- Conclusion of the Canada-EU MRA on conformity assessment for regulated products in December 1997 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Canada and the EU have concluded negotiations on an agreement on equivalency of health requirements applicable to trade in animals and animal products, which will improve access to Europe for Canadian exports in this sector.



## GLOSSARY OF TERMS

**Accession:** The process of becoming a contracting party to a multilateral agreement such as the WTO. Negotiations with established WTO contracting parties, for example, determine the concessions (trade liberalization) or other specific obligations a non-member country must undertake before it will be entitled to full WTO membership benefits.

**Anti-Dumping (AD):** Additional duties imposed by an importing country in instances where imports are priced at less than the “normal” price charged in the exporter’s domestic market and are causing material injury to domestic industry in the importing country.

**APEC:** Asia Pacific Economic Co-operation forum. APEC comprises 18 countries around the Pacific Rim that seek further Asia Pacific economic co-operation. Members are Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; the Philippines; Singapore; Chinese Taipei (Taiwan); Thailand; United States.

**Canada-EU Action Plan:** Signed on December 17, 1996, the Action Plan is designed to strengthen Canada-EU relations and consists of four parts: Economic and Trade Relations, Foreign Policy and Security Issues, Transnational Issues, and Fostering Links.

**CCFTA:** Canada-Chile Free Trade Agreement. Implemented July 5, 1997.

**CIBS:** *Canada's International Business Strategy.* A blue-print consisting of a series of international business strategies spanning 27 key industry sectors. Created to ensure government international strategies and initiatives reflect the real needs of Canadian industry.

**CIFTA:** Canada-Israel Free Trade Agreement. Implemented January 1, 1997.

**CITT:** Canadian International Trade Tribunal. A body responsible under Canadian legislation for findings of injury in anti-dumping and countervailing duty cases and the provision of advice to the government on other import issues.

**Countervailing Duties (CVD):** Additional duties imposed by the importing country to offset government subsidies in the exporting country, when the subsidized imports cause material injury to domestic industry in the importing country.

**Dispute Settlement:** Those institutional provisions in a trade agreement which provide the means for settling differences of view between the parties.

**EFTA:** European Free Trade Association. When founded in May 1960, there were 7 members. Currently, there are four (Iceland, Norway, Switzerland, and Liechtenstein) as others joined the European Union.

**Expropriation:** The seizure of private property by a foreign government without just or reasonable compensation.

**Foreign Direct Investment (FDI):** The funds committed to a foreign enterprise. The investor may gain partial or total control of the enterprise. An investor who buys 10% or more of the controlling shares of a foreign enterprise makes a direct investment.

**FTA:** Free Trade Agreement. In particular, the Canada-U.S. Free Trade Agreement that entered into force on January 1, 1989.

**FTAA:** Free Trade Area of the Americas. Proposed agreement between 34 countries of the Western Hemisphere to create a Free Trade Area by 2005, launched in Miami in December 1994.

**GATS:** General Agreement on Trade in Services. The first set of multilaterally-agreed and legally-enforceable rules and disciplines ever negotiated to cover international trade in services.

**GATT:** General Agreement on Tariffs and Trade. Since 1947, the multilateral institution overseeing the global trading system. Superseded by the WTO in January 1995.

**GDP:** Gross Domestic Product. The total value of goods and services produced by a country.

**Intellectual Property:** A collective term used to refer to new ideas, inventions, designs, writings, films, etc. and protected by copyright, patents, trademarks, etc.

**ITA:** Information Technology Agreement. A WTO-based agreement endorsed by several members that calls for the gradual elimination of most-favoured-nation tariffs on many information technology products.

**Liberalization:** Reductions in tariff and other measures that restrict world trade, unilaterally, bilaterally or multilaterally. Trade liberalization has been the objective of all GATT/WTO trade negotiations as well as of the FTA and NAFTA negotiations.

**MFN:** Most-favoured-nation treatment (Article I of the GATT 1994) requiring countries not to discriminate between goods on the basis of country of origin or destination.

**NAFTA:** North American Free Trade Agreement, involving Canada, the United States and Mexico, the negotiation of which started in June of 1991. Came into force January 1994.

**Non-Tariff Barriers (Measures):** Government measures or policies other than tariffs which restrict or distort international trade. Examples include import quotas, discriminatory government procurement practices, measures to protect intellectual property. Such measures have become relatively more conspicuous impediments to trade as tariffs have been reduced during the period since World War II.

**OECD:** Organization for Economic Co-operation and Development. Paris-based organization of industrialized countries responsible for study of and co-operation on broad range of economic, trade, scientific and educational issues.

**Osaka Action Agenda:** Adopted in 1995, the Osaka Action Agenda is the framework for implementing the Leaders' Declaration (adopted in Bogor, Indonesia, 1994) that APEC member economies would achieve the free and open trade within the region by 2010/2020.

**Quota:** Explicit limit on the physical amounts of particular products which can be imported or exported during a specified time period, usually measured by volume but sometimes by value. The quota may be applied on a "selective" basis, with varying limits set according to the country of origin, or on a global basis which only specifies the total limit and thus tends to benefit more efficient suppliers.

**Rules of Origin:** Laws, regulations and administrative procedures which determine a product's country of origin. A decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. These rules can vary from country to country.

**Subsidy:** An economic benefit granted by a government to producers of goods often to strengthen their competitive position. The subsidy may be direct (a cash grant) or indirect (low-interest export credits guaranteed by a government agency, for example).

**Tariff:** Customs duties on merchandise imports. Levied either on an *ad valorem* (percentage of value) or on a specific basis (e.g. \$5 per 100 kgs). Tariffs give price advantage to similar locally produced goods and raise revenues for the government.

**Tariff Rate Quota:** Two-stage tariff: imports up to the quota level enter at a lower rate of duty; over-quota imports enter at a higher rate.

**Transparency:** Visibility and clarity of laws and regulations.

**Uruguay Round:** Multilateral trade negotiations launched in the context of the GATT at Punta del Este, Uruguay, in September 1986, and concluded in Geneva in December 1993. Signed by ministers in Marrakesh, Morocco, in April 1994.

**WTO:** World Trade Organization. Established on January 1, 1995, to replace the Secretariat of the General Agreement on Tariffs and Trade, it forms the cornerstone of the world trading system.

**WTO Appellate Body:** An independent seven-person body that, upon request by one or more parties to the dispute, reviews findings in panel reports.







Department of Foreign Affairs  
and International Trade

Ministère des Affaires étrangères  
et du Commerce international





CAI  
EA  
-062

# *Opening Doors to the World:*

Canada's International  
Market Access Priorities  
1999



Team Canada • Équipe Canada



Canada





# *Opening Doors to the World*

Canada's International  
Market Access Priorities  
1999



This publication and additional export information are available on-line  
at [www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca) or [www.exportsource.gc.ca](http://www.exportsource.gc.ca)  
Unless otherwise specified, monetary figures  
in this document are in Canadian dollars.

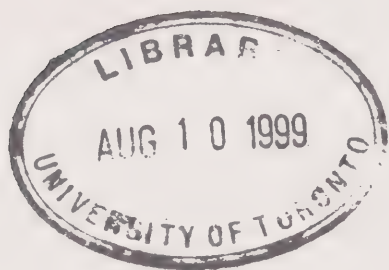
## ABOUT THIS DOCUMENT

**O***pening Doors to the World: Canada's International Market Access Priorities, 1999* outlines the Government's priorities for improving access to foreign markets for Canadian traders and investors through a range of multilateral, regional and bilateral initiatives in 1999. It also presents significant market-opening results from 1998 that will benefit Canadian business. Subjects range from Canada's broad negotiating objectives at the World Trade Organization, to the details of specific bilateral trade irritants. It is not intended as an exhaustive catalogue of Government activities to improve access to foreign markets, nor as a comprehensive inventory of foreign barriers to trade or investment.

The Department of Foreign Affairs and International Trade (DFAIT), and its Embassies and missions abroad, co-ordinated the preparation of this report, with the assistance of other federal government

departments (especially Agriculture and Agri-food Canada, Finance Canada and Industry Canada), as well as provincial governments, and, of course, Canadians doing business abroad. Its contents are current up to the end of February 1999.

*Opening Doors to the World: Canada's International Market Access Priorities, 1999* updates and expands on topics presented in the 1998 report which was released by the Minister for International Trade in April 1998.



# TABLE OF CONTENTS

<i>Message from the Minister for International Trade</i> .....	i
<b>1. Introduction</b> .....	1
<b>2. Getting the International Rules Right: The World Trade Organization</b>	
Improving Access for Trade in Goods .....	8
Information Technology Agreement .....	8
Further Tariff Liberalization .....	8
Agriculture .....	9
Technical Barriers to Trade .....	9
Sanitary and Phytosanitary Measures .....	10
Trade Remedies .....	10
Rules of Origin .....	10
Trade Facilitation .....	11
Improving Access for Trade in Services .....	11
Financial Services .....	12
Basic Telecommunications Services .....	12
Professional Services .....	12
Issues That Affect Access for Trade in Goods and Services .....	12
Government Procurement .....	12
Electronic Commerce .....	13
Dispute Settlement .....	13
Accessions to the World Trade Organization .....	14
<b>3. Investment</b> .....	15
<b>4. Opening Doors to The Americas</b>	
NAFTA .....	19
United States .....	21
Mexico .....	30
Free Trade Area of the Americas (FTAA) .....	34
Mercosur .....	36
Chile .....	39
<b>5. Opening Doors to Europe</b>	
European Union .....	41
European Free Trade Association (EFTA) .....	47
Russian Federation .....	48
Ukraine .....	50
<b>6. Opening Doors to Asia Pacific</b>	
APEC .....	51
Japan .....	52
China and Hong Kong .....	59
Korea .....	62
Chinese Taipei (Taiwan) .....	64
India .....	65
Southeast Asia .....	68
<b>7. Opening Doors to Other Key Markets</b>	
Australia .....	72
Israel .....	73
West Bank and Gaza Strip .....	73
Saudi Arabia .....	74
South Africa .....	74
<b>8. Summary of Market-Opening Results in 1998</b> .....	76
<b>9. Glossary of Terms</b> .....	81
<b>10. Acronyms</b> .....	84



## MESSAGE FROM THE MINISTER FOR INTERNATIONAL TRADE



**I**t has been a great year to be Canada's Minister for International Trade. Great because Canadian businesses, small and large, collectively exported over \$367 billion in goods and services. That's a record high — the 7th year in a row that Canadians have set a record for total exports. We want to continue building on these successes in the years ahead.

To do so, we will need to continue supporting and responding to the Canadian businesspeople who are out there discovering new markets. Their achievements in foreign markets create even more opportunities for our future economic prosperity. Their information on the barriers they encounter and their suggestions for overcoming them are absolutely vital. Their business acumen contributes directly to the Government's work to help develop international markets and ensure that they stay open for Canadians.

This is the one common theme in what Canadians tell us: market access. Canadians can compete and win against the world's best if they are able to operate on equal terms of access. In *Opening Doors to the World: Canada's Market Access Priorities, 1999*, we identify the areas where work remains to be done to provide Canadian exporters and investors with equal access, and we outline what the Government intends to do about it in 1999. Broadly speaking, we will continue to use the World Organization (WTO) to seek new and more predictable access both to countries that are already members as well as to countries that are in the process of joining, such as Russia, Ukraine, China, Chinese Taipei and Saudi Arabia. We will pursue access through regional bodies, such as the Free Trade Area of the Americas (FTAA) and the Asia-Pacific Economic Cooperation (APEC) forum. We will also continue to improve access bilaterally with certain countries, like we did with Israel and Chile and we are currently doing with the European Free Trade Association (EFTA) countries of Norway, Switzerland, Iceland and Liechtenstein. And of course, we must always keep an eye out for new opportunities to safeguard and improve access to our largest trading partner, the United States.

The Government can pursue market access through international business development initiatives and through negotiations. International business development is what our Trade Commissioners, located in every major Canadian city and over 100 offices abroad, do every day. They listen to Canadians who want to do business abroad, and offer guidance through the rough waters. They work with the Export Development Corporation (EDC) to provide first-class export financing and insurance, and they work with the Canadian Commercial Corporation (CCC) for export contracting support when selling to foreign governments and international organizations. They stay abreast of the trade and investment policies of our trading partners and watch that these governments are playing by the rules of the game.

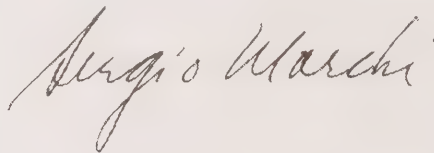
Sometimes the rules need to be changed. That's where our negotiators come in. I plan to keep his group very busy improving our competitive position abroad. They are currently working on a Canada-EFTA free trade agreement, WTO membership accessions, Foreign Investment Protection Agreements and a host of other initiatives outlined in *Opening Doors to the World*. They are also gearing up for FTAA and new multilateral trade negotiations by seeking the views of all Canadians.

Consulting Canadians is crucial because international trade and investment is not something that happens "out there", to "other people"; it is about local jobs and economic growth. It is what happens when an automobile is assembled in Windsor, using steel produced in Hamilton, aluminum from Quebec, zinc from British Columbia, plastics from Ontario

and electronics or computer components from across the country. Trade produces real jobs for real people. In fact, one in three Canadian jobs depends on trade. For these reasons, I strongly believe that as we prepare for new negotiations, Canadians must contribute to the process.

If you would like to learn even more about what the Government is doing to ensure that Canadians continue to succeed in international markets, I invite you to read the Government's International Business Development Plan (to be published in mid-April 1999) and the EDC and CCC Annual Reports for 1998. You may also wish to check the Department of Foreign Affairs and International Trade's website at [www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca) where we will regularly post information on issues being negotiated.

Reducing barriers for Canadians abroad is a challenging job. I urge all Canadians to help us tackle this challenge by letting us know when you encounter a problem overseas. As the Prime Minister's highly successful Team Canada missions have shown, Canada works best when we work together. I look forward to working with you to ensure that we continue to succeed in the crucial area of international trade and investment.



The Honourable Sergio Marchi



## 1. Introduction

Now, more than ever, the well-being and prosperity of Canadians depends on a healthy international trade and investment climate. Although Canadians have been successful in selling to the world, our ability to fully exploit opportunities in key markets is often limited by a variety of barriers. To ensure secure and predictable access to the world for Canadian traders and investors, the Government will continue its efforts to bring down barriers in key markets. This means strengthening the institutions and the rules that govern international trade and investment, forging relationships with new partners, and ensuring that other countries live up to their commitments. It also means facilitating business by reaching agreements with our trading partners to streamline customs procedures, provide new and more direct travel routes, permit temporary entry of business people, recognize Canadian professional credentials abroad and avoid double taxation.

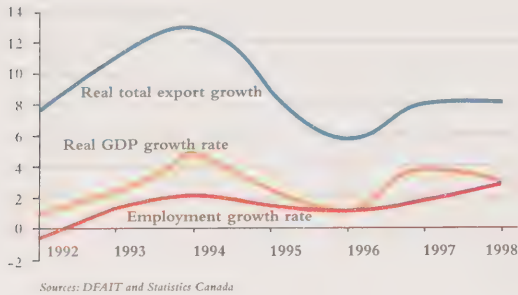
*Opening Doors to the World: Canada's International Market Access Priorities, 1999* presents significant market-opening results over the past year and sets out the Government's priorities for 1999 to further improve access to foreign markets. The Government will pursue these goals multilaterally, through the World Trade Organization (WTO) and the Organization for Economic Co-operation and Development (OECD); regionally, in forums such as Asia-Pacific Economic Cooperation (APEC) and the Free Trade Area of the Americas (FTAA); and bilaterally with key partners, principally the United States, the European Union, Japan and the negotiation of a free trade agreement with the European Free Trade Association (EFTA) countries.

### **Improved Market Access Continues to Boost Canadian Trade and Economic Growth**

Canada's international trade performance continues to contribute to growth in the economy, deficit reduction and job creation. In real terms, Canadian exports of goods and services grew at 8.1 percent, outpacing Canada's gross domestic product (GDP) growth of 3.0 percent (see Figure 1). The share of real exports now stands at 38.6 percent of Canadian GDP, making Canada the most trade-oriented country in the G-7/8.

**Figure 1**

**CANADA'S TRADE CONTRIBUTES TO GROWTH, DEFICIT REDUCTION AND JOB CREATION**



In 1998, Canada's trade performance was due partly to the continued economic strength of some of our major trading partners, particularly the United States, the lower value of our dollar against foreign currencies, and efforts to expand Canada's access to foreign markets. In a recent departmental study, the increased market access provided by the Canada-U.S. Free Trade Agreement (FTA) and trade liberalization under the WTO/GATT were found to be the important explanation in the significant upward shift in Canadian exports since 1990. Canada's special trade relationship with the United States also contributed to limiting the adverse impact of the slowdown in Asia on our overall trade and other emerging economies.

The benefits of more open trade to Canadian consumers and producers were again reflected in a robust growth of imports in 1998. In real terms,

imports of goods and services rose by 6.4<sup>1</sup> percent in 1998 over in 1997, reflecting strong domestic investment and consumer demand. The purchase of machinery, equipment and related business services help expand Canada's production capacity. Higher imports thus contribute to prospects for higher productivity and jobs in Canada over the coming years.

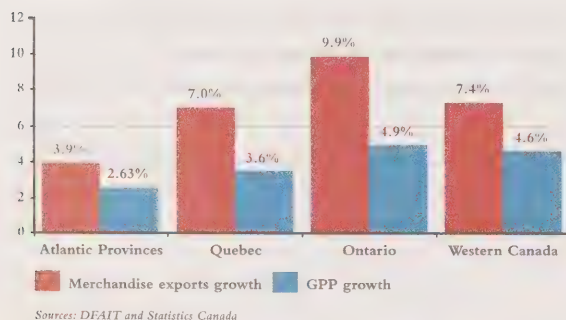
**Trade Also Fuelled Provincial/Regional Economic Growth**

Increased merchandise exports fuelled provincial economic growth and helped finance higher imports. As was the case for Canada as a whole, the growth in merchandise exports was relatively higher than that of the Gross Provincial/Regional Product (GPP) in all provinces (see Figure 2). This is a reflection that expanded market access, achieved through trade negotiations in recent years, is creating business opportunities across all regions of Canada.

Ontario and Quebec were by far the largest exporting provinces. In 1998, their combined share was 71.2 percent of the total merchandise Canadian exports. The stellar export performance of Ontario and Quebec was led by international sales of machinery and equipment and automotive products. Ontario still had the strongest link to the United States, with 92 percent of its 1998 exports going there. Quebec, Alberta, Prince Edward Island and New Brunswick also shipped more than 80 percent of their exports to U.S. markets.

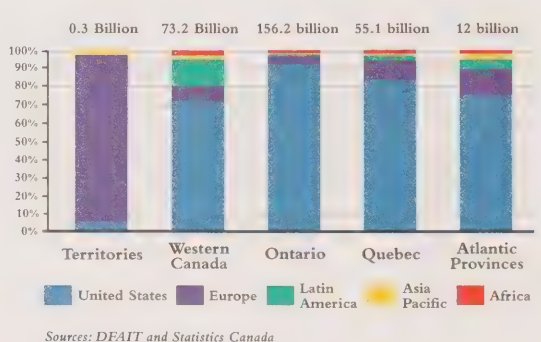
**Figure 2**

**PROVINCIAL AND REGIONAL GPP GROWTH**



**Figure 3**

**EXPORT DESTINATIONS BY PROVINCE/REGION**



<sup>1</sup> 1998 merchandise trade figures appearing throughout this document are preliminary figures released by Statistics Canada, February 19, 1999. Unless otherwise specified, all values are in Canadian dollars.

Provinces on the west and east coast had relatively strong trade links with other markets across the ocean (see Figure 3). British Columbia and Saskatchewan had the highest exposure to Asia, with 27 percent and 18 percent of their respective total exports flowing across the Pacific. In particular, forest products and agricultural products exported by these two provinces were hardest hit by the Asian economic crisis. Nineteen percent of Newfoundland's exports went to the European Union, while 13.3 percent of Nova Scotia's exports went there.

### Significant Gain in Knowledge-Intensive Commercial Services

Canada's exports of services were \$43.7 billion, and its imports reached \$52.1 billion in 1998. Commercial services figured prominently in Canadian services trade. Knowledge-intensive commercial services include engineering, communication technology, financial, R&D royalties and management services.

Figure 4

KNOWLEDGE-INTENSIVE COMMERCIAL SERVICES HAVE FUELED CANADA'S TRADE IN SERVICES

	Imports		Exports	
	1992	1998	1992	1998
Total services (\$billions)	\$37.3	\$52.1	\$25.1	\$43.7
Total Commercial Services (\$billions)	\$14.1	\$23.8	\$11.1	\$20.8
Share of commercial services in total	38%	45.7%	44%	47.6%

Sources: DFAIT and Statistics Canada

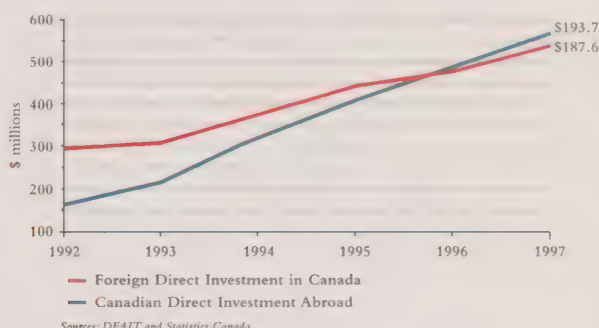
In 1998, they accounted for 47.6 percent of services exports and 45.7 percent of services imports (see Figure 4). Travel and transportation services were other major contributors to the 1998 services trade growth. In an interdependent trading world, expansion in merchandise trade and foreign investment is accompanied by increased trade in services, particularly in high-productivity services in the case of Canada. Thus, Canada's success in securing better market access abroad translates into growth in business services and well-paying jobs for Canadians.

### Two-Way Flows of Investment Strengthened Canadian International Linkages and Helped Pave the Way For Future Trade

During the last decade, foreign direct investment (FDI) flows throughout the world have grown faster than either international trade or GDP. The increase in FDI into Canada between 1993 and 1997 averaged \$11.5 billion annually. In 1998, FDI flows into Canada grew by \$22.9 billion. The surge in foreign investment into Canada in 1998 means that foreign investors continue to find Canada a profitable place for their investments. This growth in inward FDI brings new technology and means higher productivity, which fuels increased output and exports, which in turn creates jobs in Canada. Between 1993 and 1997, Canadian direct investment abroad (CDIA) averaged \$17.8 billion annually. In 1998, CDIA increased by a record \$39.8 billion, and it has exceeded investment into Canada for the third year in a row (see Figure 5).

Figure 5

INWARD AND OUTWARD FOREIGN INVESTMENT



Canadian direct investment abroad has brought benefits in terms of export opportunities for both goods and services, and access to new technologies, resources and skills, all leading to increased job creation.

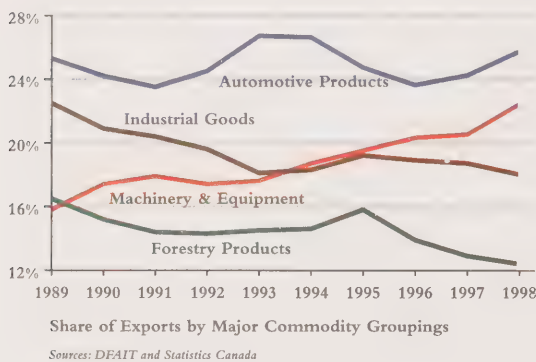
Canada's investment flows remain broadly-based; however, the finance and insurance sectors have shown particularly high growth in recent years. Although the majority of investment flows are still with the United States and European Union, Canadian direct investment in developing countries has been steadily increasing over the last decade. Canada is participating in a wider trading and investment world.

## Canada's Trade Diversified: Machinery and Equipment Emerges as Highest-Growth Export Sector

In analyzing the export performance of Canadian producers, we have traditionally tracked a number of general categories of goods. By this standard, the automotive sector has been Canada's top export performer. Nevertheless, there has been a noticeable trend throughout the 1990s of strong export growth of machinery and equipment. The share of machinery and equipment in total Canadian merchandise exports improved steadily from 19.0 percent in 1990 to 22.4 percent in 1998 (see figure 6). In the last year, the exports of machinery and equipment increased by 15.9 percent over the previous year and outpaced 13.1 percent growth in auto sector exports.

Figure 6

### EXPORTS OF MACHINERY AND EQUIPMENT GROWING



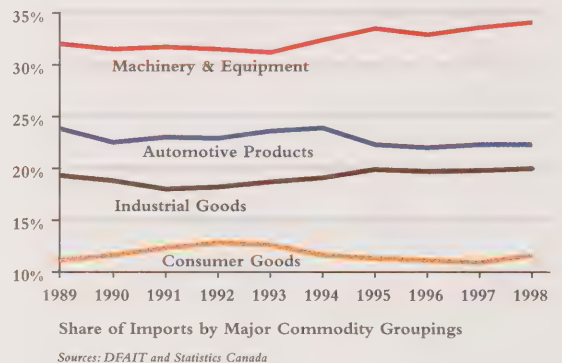
"Machinery and equipment" refers to a combination of sectors producing a wide range of goods that includes industrial machinery and tools, information technology equipment, telecommunications equipment, agricultural machinery, construction equipment, aircraft, railroad and urban transit equipment and medical equipment, as well as their parts and components. The combined strong performance of each of these sectors has helped to diversify Canada's export base, thus creating demand for a wide variety of highly skilled jobs across the country. During the 1990's, high-skill jobs grew strongly by 22 percent in Canada (almost at par with the United States), compared to only a 2 percent growth in sales, services and clerical jobs and a 1 percent decline in blue collar jobs.

As 85.2 percent of Canadian machinery and equipment exports went to the United States, it is obvious that the impressive export performance of these goods is at least partly attributable to buoyant investment demand in that market. However, it is also a reflection of Canada's specialization in some of the most knowledge-intensive, high-tech industries such as telecommunications, special industrial equipment, aircraft and office equipment. The growth of exports in these sectors is an integral part of the ongoing adjustment towards a knowledge-based economy. Canada's open trade policy has facilitated this adjustment process and will continue to position Canada as a leader in the global economy.

In 1998, importation of machinery and equipment accounted for 33.4 percent of Canada's total imports up from 33 percent in 1997. In 1998, the value of imports of all main categories in machinery and equipment increased from 1997 levels.

Figure 7

### IMPORTS OF MACHINERY AND EQUIPMENT GROWING



The growth in imports of machinery and equipment attests to continued business investment in the domestic economy (see Figure 7). This ensuing high level of economic activity reflected stable economic growth in Canada.

## Global Financial Crisis

Throughout this document, a recurring undertone is what began as an Asian financial crisis and continues to have an effect on global economic stability. Most Asian economies are registering negative growth. The crisis in Russia, which was severely

aggravated by internal domestic problems, highlights the connection between economic and political stability, and which can result in a loss of confidence in emerging markets, including those in Latin America. Indeed, Latin American markets are being affected despite progress in many countries during the past decade in macroeconomic policies and structural reforms.

***Developments in 1998 that have contributed to improved global market conditions:***

- G-7 efforts to strengthen the international financial architecture including proposals for new IMF and World Bank financing arrangements to ward off destabilizing market contagion and the Canadian proposal for a peer review process to help encourage the promotion and implementation of appropriate financial sector guidelines;
- progress towards agreeing on the IMF quota increase and the New Arrangements to Borrow, which together will provide additional resources to the IMF of US\$90 billion;
- Japan's commitment of substantial resources to strengthen its financial system and stimulate its economy — swift and effective use of these resources as well as rigorous implementation of the comprehensive plan for financial revitalization are key preconditions for the restoration of market confidence and growth not just in Japan but in the whole Asian region;
- interest rate reductions in the United States, Japan, Canada, the United Kingdom, Italy and several other European countries, which will help maintain strong non-inflationary growth;
- introduction of the Euro, the next stage of European economic and monetary union, will lead to reduced costs of foreign exchange transactions and to greater certainty in doing business in the EU;
- economic and financial policy commitments by Brazil to help it weather international market developments and promote sustainable growth, the implementation of which will be assisted by the recently announced IMF-led relief package; and
- progress in many countries in Asia towards establishing the foundation for recovery.

Attention is focusing on the capacity of the international monetary and financial system to deal with the realities of the new global economy. The IMF now estimates that global economic growth will be 2 percent for 1998, down from earlier estimates of 3-3.5 percent. To date, the crisis has had only a modest negative impact on Canadian growth overall (growth forecasts for 1998 have been reduced to 2.9 percent from 3.5 percent). However, as noted above, western provinces, particularly British Columbia and Alberta, are being more adversely affected and the Canadian dollar has been subject to pressure despite healthy economic fundamentals.

There has been some improvement in global market conditions towards the end of 1998, but serious challenges remain which will take time to resolve. This document describes what the Canadian Government is doing to help Canadian exporters and investors overcome the obstacles they face in foreign markets.


**Canadian Initiatives to Bring Down Barriers**

Canada's strong export performance in recent years is due in large part to governments' pursuit of policies to improve access to the United States and other foreign markets, and to promote the improvement and expanded coverage of international rules governing trade and investment.

Implementation of the FTA in 1988, the North American Free Trade Agreement (NAFTA) in 1994, and the WTO Agreements in 1995 have provided an enhanced rules-based framework to facilitate trade and investment. In addition, Canada is pursuing its market access priorities through complementary initiatives such as the recent bilateral free trade agreements with Chile and Israel, the FTAA, the Canada-EU Action Plan, APEC, and negotiations with EFTA countries towards a Canada-EFTA FTA. In all of these initiatives, Canada works to increase access to markets in a manner that promotes Canadian values, including respect for the environment and labour standards.

**Market Access and Trade and Investment Business Development**

Capitalizing on improved market access is a vital element of the federal Government's strategy to expand international business development



opportunities. The Government's trade and investment promotion programs, including the highly successful Team Canada trade missions abroad and New Exporters programs, encourage Canadian exporters and investors, particularly small and medium-sized enterprises, to take full advantage of international opportunities. The expansion of the Team Canada Inc service network to 20 federal organizations is designed to provide single-window access to Canadian business. This allows for a better co-ordinated strategic approach across the three core international business development departments: Foreign Affairs and International Trade, Industry Canada, and Agriculture and Agri-Food Canada.

***Federal Government Members of the Team Canada Inc. On-line Virtual Trade Agency***

Foreign Affairs and International Trade  
Industry Canada  
Agriculture and Agri-Food Canada  
Export Development Corporation  
Canadian International Development Agency  
National Research Council  
Statistics Canada  
Canadian Commercial Corporation  
Environment Canada  
Canada Mortgage and Housing Corporation  
Human Resources Development Canada  
Transport Canada  
Heritage Canada  
Natural Resources Canada  
Revenue Canada  
Indian Affairs and Northern Development  
National Farm Products Council  
Développement économique Canada  
Atlantic Canada Opportunities Agency  
Western Economic Diversification.

The Government's concerted efforts to enhance access to foreign markets go hand-in-hand with the export and investment marketing activities presented in Team Canada Inc's 3 year Business Plan. For instance, DFAIT's new Global Opportunities (GO) Teams of Trade Commissioners are dispatched to liberalizing markets (e.g., Mexico and Chile) to exploit these connections. In addition, the positioning of additional Trade Commissioners in priority emerging markets helps Canadian suppliers and investors get the most out of market access openings.

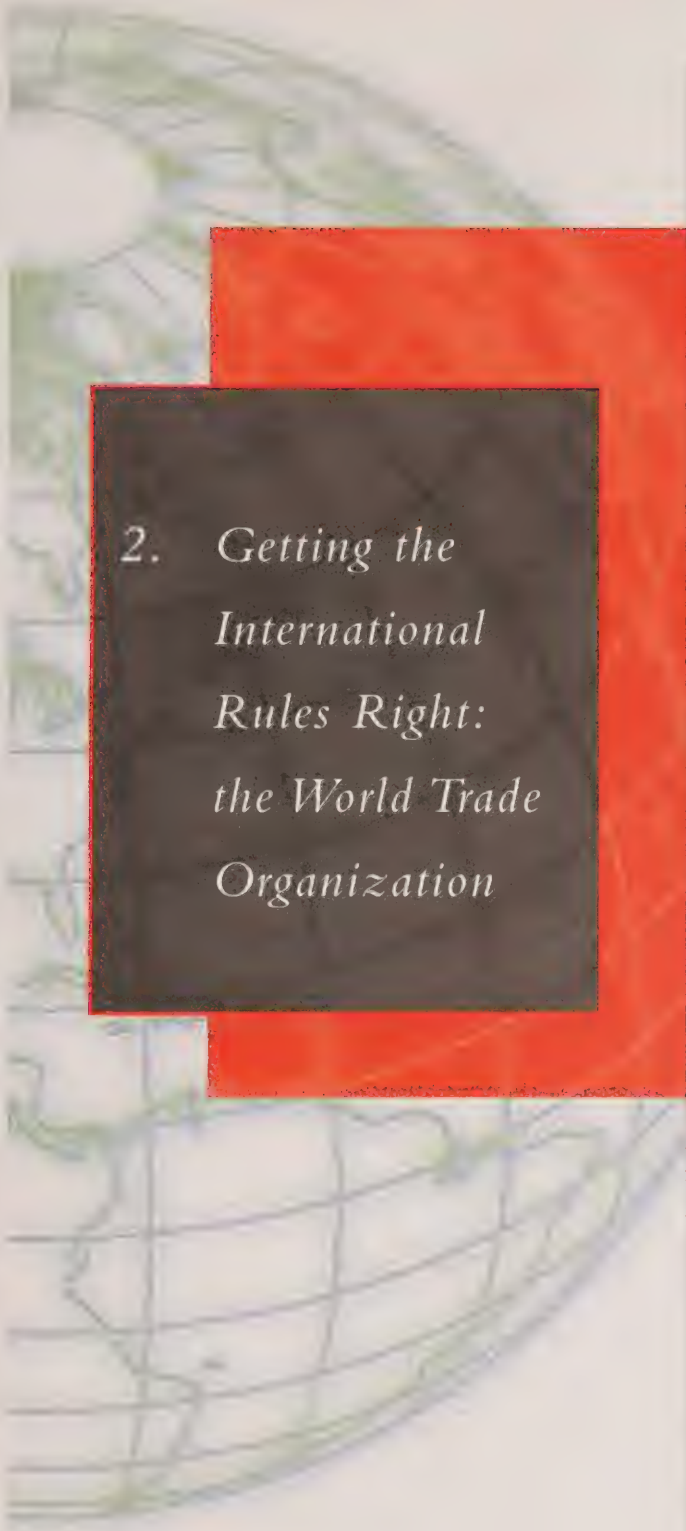
**We'd Like to Hear from  
Canadians Doing Business Abroad**

Foreign Affairs and International Trade consults industry on market access issues through a variety of means including the newly formed private sector Team Canada Inc Advisory Board, which provides both market development and trade policy advice. This body engages the business community more directly, and complements the various Sectoral Advisory Groups on International Trade (SAGITs). We particularly welcome direct input from Canadian exporters and investors describing barriers they have encountered in foreign markets. Individuals, companies, industry associations and other interested organizations are encouraged to contact DFAIT with specific information on tariff or non-tariff barriers and other business irritants. Business people frequently alert Canadian Trade Commissioners and other DFAIT staff (such as agri-food or investment specialists based in markets around the world) to situations requiring local advocacy or troubleshooting. Often, these problems are reported to DFAIT headquarters for particular consideration from a strategic market access perspective. Business people are invited to report problems they are experiencing by communicating in strictest confidence to:

"Foreign Trade and Investment Barriers Alert"

Department of Foreign Affairs  
and International Trade  
125 Sussex Drive  
Ottawa, Ontario K1A 0G2  
Fax: (613) 992-6002  
e-mail: [eat@dfait-maeci.gc.ca](mailto:eat@dfait-maeci.gc.ca)

Business people are also encouraged to remain in touch with the Department on market access and other issues through its Web sites at [www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca) or [www.exportsource.gc.ca](http://www.exportsource.gc.ca). These sites contain additional information on many of the issues covered in this document.



## *2. Getting the International Rules Right: the World Trade Organization*

Access to world markets depends upon an open and fair international trading system. The WTO, formed in 1995 to succeed the General Agreement on Tariffs and Trade (GATT), is the cornerstone of the international trading system, overseeing the administration and functioning of multilateral trade agreements and helping to maintain the rules governing world trade. The rules-based agreements reached by members of the WTO form the foundation for Canada's bilateral trade relations with all other WTO Members.

For Canada, a country heavily dependent on trade, effective trade rules are vital to ensure stable economic growth and to prevent other economies from operating in an unpredictable manner. Canada played an important role in the creation of the WTO, and participates in the entire range of WTO activities. In 1998, given additional experience with the WTO rules-based system, the focus of attention has moved somewhat from the creation, toward the implementation, of fair trading rules to liberalize and facilitate trade.

Canada is active in several multilateral fora that influence and guide the international trade policy agenda. We participate actively in the Group of 7/8 discussions of major powers on economic and political matters, in the annual Quadrilateral (United States, European Union, Japan and Canada) Trade Ministers' meeting, the Organization for Economic Development and Co-operation (OECD), the United Nations economic institutions and agencies, the FTAA, and the APEC forum. Our participation in such fora is designed to ensure that Canada's strategic trade interests are well understood and promoted in a coherent, effective manner.

In December 1999, Canada will participate in the Third WTO Ministerial Conference which is expected to launch new negotiations on trade in services, agriculture and possibly other issues or sectors. To prepare for this conference, WTO Members are working to identify issues that warrant attention and to prepare recommendations to Trade Ministers. These recommendations will cover the implementation of existing agreements, the ongoing work program, mandated negotiations and the scope and format of new negotiations.

To prepare for such negotiations, and in recognition of the increasing interdependence of domestic and international trade policy issues, the Canadian Government is engaging in an extensive outreach and consultation process with the Canadian business

sector, the provinces, other interest groups and the public. By developing clear, practical and well-supported objectives, Canada will be well prepared to engage fully, constructively and effectively in the continuing development of an open and fair international trading system. Canada's initial negotiating position will be articulated in late 1999 and will reflect the domestic consultation process.

Contributions to the consultation process, can be sent by e-mail, fax or mail:

**E-mail:** consultations@dfait-maeci.gc.ca

**Fax:** (613) 944-0757

**Mail:** Trade Negotiations Consultations  
Trade Policy Planning Division (EAI)  
Department of Foreign Affairs  
and International Trade  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2

Further trade liberalization is also in the interest of developing countries (LDCs) as it will facilitate their integration into the international trading system. LDCs made considerable progress in the Uruguay Round, but remain concerned over implementation of WTO commitments by developed countries. Canada considers that these concerns should be taken into account at the Third WTO Ministerial Conference. More coherent support also will be needed from multilateral institutions in assisting LDCs deal with their outstanding WTO implementation commitments and in their preparations for upcoming negotiations.

In addition, as Minister Marchi made clear in his statement to the House of Commons Standing Committee on Foreign Affairs and International Trade on February 9, 1999, greater transparency of WTO activities is central to sustaining public support for the multilateral trading system. A transparent process will be of key importance as Members prepare for the Third Ministerial Conference and further negotiations. Canada continues to support regular contact between the multilateral organizations and civil society, recognizing that public interests need to be heard, and public understanding of the issues and process improved.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Information Technology Agreement (ITA-II)

The Information Technology Agreement (ITA) of 1997 provided for the staged elimination by the year 2000 (longer in the case of some products and some countries) of most-favoured-nation (MFN) tariffs on a broad range of IT products, such as computers, software, telecommunications products, semiconductors and scientific instruments. Annual world trade in IT products is estimated to be in excess of US\$500 billion. Canadian exports of IT products was approximately \$17 billion in 1998.

The 44 members of the ITA include most of Canada's key trading partners such as the United States, the European Union, Japan, Korea, Singapore, Chinese Taipei, Hong Kong, Switzerland, Australia, Malaysia, Thailand and India. Although most of Latin America remains outside the ITA, Costa Rica and El Salvador are members, and in 1998 Canada was pleased to join other members in welcoming Panama into the group.

During 1998, Canada and the other participants reviewed the product coverage with a view to broadening it. Although it did not prove possible to achieve a consensus, these efforts will continue into 1999.

In the area of non-tariff measures, the ITA participants have begun to examine standards policies and conformity assessment procedures of members. Canada will be working in 1999 to expand this work into the area of import licensing.

### Further Tariff Liberalization

In 1998, Canada worked with other members of the *WTO Agreement to Eliminate Duties on Specified Pharmaceutical Products* to extend duty-free trade to more products, including inputs. This effort met with success, and 639 additional items were agreed; implementation is scheduled for July 1, 1999.

At their annual summit meeting in Malaysia in November 1998, APEC members agreed to send the results of their work on sectoral trade liberalization to the WTO. Canada will seek to expand participation in the WTO for this initiative. Canada's priority sectors identified in APEC are forest products, fish and fish products; and environmental goods and

services. The other sectors are chemicals, energy, gems and jewellery, medical equipment and scientific instruments and toys. (For more background, see also the section on APEC).

Canada is also actively involved in preparatory work at the WTO that would clear the way for any future negotiations on market access, including tariffs on industrial products and fish. In 1999, Canada will continue to participate fully in WTO work to determine the scope, format, and content of any new industrial tariff negotiations, for discussion at the Third WTO Ministerial Meeting in December 1999.

## Agriculture

Global annual trade for agricultural products is in the order of half a trillion U.S. dollars. Canada strives to ensure that market access and other commitments negotiated during the Uruguay Round are fully implemented through our participation in the notification and consultation process of the WTO's Committee on Agriculture. Canada's long-term objective is to strengthen the rules-based multilateral trading system for agriculture. Common rules that apply to all countries are important to enhance Canada's access to world markets, not only for bulk agricultural commodities, but also for the consumer-oriented and intermediate products that now contribute, respectively, 36 and 25 percent of our agri-food exports. During 1999, the Committee on Agriculture will continue the informal process of analysis and information exchange that it started in 1997. This process is serving as the preparatory work program toward the start of new multilateral agricultural negotiations in late 1999. Domestically, the Government is engaged in a broad process of consultations with stakeholders, including the agri-food sector and the provinces, to ensure that a full and informed discussion of the issues and of Canada's interests takes place prior to the start of those negotiations. These consultations will culminate with a conference in April 1999, hosted by federal and provincial Ministers of Agriculture, aimed at holding a discussion with industry representatives on Canada's objectives for new negotiations. Canada's initial negotiating position will be articulated in late 1999 and will reflect the domestic consultative process.

## Technical Barriers to Trade

Canada's objective is to ensure that standards-related measures, which are generally put in place to protect health, the consumer, or the environment, do not unjustifiably discriminate against Canadian products. Standards-related measures include mandatory technical regulations, voluntary standards, and conformity-assessment procedures that determine whether a product meets the requirements of a particular regulation or standard.

The *WTO Agreement on Technical Barriers to Trade* (TBT) defines the international rights and obligations of Members with respect to the development and application of standards-related measures that affect trade. The Agreement is based on the principle that countries have the right to adopt and apply standards-related measures, as long as these do not restrict international trade more than is necessary. TBT-related disagreements are subject to WTO dispute settlement provisions. Canada was one of the first countries to initiate a WTO TBT-related dispute, successfully challenging unfair French regulations dealing with labelling of scallops. Canada has initiated WTO dispute settlement proceedings on France's ban on the use of chrysotile asbestos with a view to resolving this outstanding irritant.

Throughout the country-by-country chapters of this document, we will describe specific measures by individual countries that affect Canadian exports. We will also outline what the Canadian Government is doing to address such measures.

Canada promotes wide acceptance of, and adherence to, the TBT Agreement and Code of Good Practice (which applies to voluntary standards). For example, Canada has successfully pressed for foreign eco-labelling programs to follow TBT Code provisions. Under the WTO TBT Agreement, Canada will continue to facilitate access to markets by pressing for the removal of unnecessary standards-related trade barriers, and thus lower costs to producers and exporters. Improving transparency, promoting regulatory reform, aligning or harmonizing standards internationally and with trading partners, and negotiating mutual recognition agreements (MRAs) on conformity assessment are current activities directed

to these ends. Canada is an active participant in the ongoing work program following completion of the TBT triennial review in 1997, focussing on practical issues of direct interest to Canadian exporters. Canada also participates in the activities of the International Standardization Organization (ISO) more particularly in the fields of management system standards. Canada was among the first countries to have to develop the necessary infrastructure for Canadian industries to adopt ISO 14000 environmental system standards, thus facilitating our exports by meeting foreign customers' requirements.

### Sanitary and Phytosanitary Measures

The *WTO Agreement on the Application of Sanitary and Phytosanitary (SPS) Measures* recognizes the right of members to take SPS measures necessary for the protection of human, animal or plant life or health, and sets out disciplines designed to prevent the misuse of SPS measures as disguised barriers to trade. The WTO Committee on Sanitary and Phytosanitary Measures facilitates the enhancement of food safety and SPS conditions internationally, promotes the harmonization and equivalence of SPS measures, and facilitates technical cooperation and consultations. The Committee is currently completing its first review of the operation and implementation of the Agreement.

Since the implementation of the Agreement, Canada has on several occasions used the WTO dispute settlement provisions to challenge the legitimacy of SPS measures taken by our trading partners. Canada held WTO consultations with Korea regarding Canadian bottled water exports, which resulted in a bilateral settlement, has pursued WTO panels with the European Union on Canadian beef exports and with Australia on Canadian salmon exports, and has held WTO consultations with the European Union on Canadian lumber exports. On November 6, 1998, the WTO Dispute Settlement Body adopted the Panel and Appellate Body reports which found Australia's ban on Canadian fresh, chilled, and frozen salmon to be inconsistent with Australia's SPS obligations. Canada will continue to challenge foreign SPS measures which unjustifiably discriminate against our exports.

### Trade Remedies

Canada continues to regard the pursuit of improved disciplines, transparency and clarity in the use of trade remedy measures by its trading partners as a priority. The importance of this objective is evident as new and non-traditional users of trade remedies continue to initiate investigations. For instance, over the past year, anti-dumping investigations by Indonesia and India on imports of Canadian newsprint were concluded without the application of additional duties while an investigation by China on the same product continued. In 1999, Canada will continue to monitor, and assist Canadian exporters involved in, investigations of Canadian exports, analyze changes in the trade remedy laws and practices of Canada's most important trading partners, and make representations as appropriate in specific investigations.

Canada continues to contribute to the work of the WTO Committees on Subsidies, Anti-Dumping Practices, and Safeguards, to ensure that all Members administer their trade remedy laws in a WTO-consistent manner. Canada continues to work in the context of the *WTO Agreement on Subsidies and Countervailing Measures* as well as the Committee on Agriculture to ensure appropriate implementation and possible expansion of the subsidy disciplines negotiated in the Uruguay Round. Canada will continue to work to ensure that implementation of Members' export subsidy commitments are not undertaken in such a way that is trade distorting, particularly for price sensitive commodities.

### Rules of Origin

The *WTO Agreement on Rules of Origin* established a work program to develop common rules of origin for several purposes involving non-preferential trade. Canada's objective continues to be the achievement of common rules to provide greater transparency and certainty for traders, to prevent countries from using origin rules to impair market access, and to have rules that are technically proficient, reflecting the global nature of production and sourcing of goods and materials.

Although the work program was slated for completion in July 1998, the technical complexity of agreeing on rules for all products was such that the work program has been extended. WTO Members will review in June 1999 the scheduled completion of the technical

examination being conducted by the Technical Committee on Rules of Origin under the auspices of the World Customs Organization in Brussels, with a view to completing the negotiations as soon as possible.

## Trade Facilitation

In 1996, WTO Trade Ministers "directed the Council for Trade in Goods to undertake exploratory and analytical work, drawing on the work of other relevant international organizations, on the simplification of trade procedures in order to assess the scope for WTO rules in this area". In pursuing the work, WTO Members have compiled a comprehensive inventory of the work accomplished or being undertaken on trade facilitation in other international organizations, including non-governmental organizations.

In 1998, a WTO Trade Facilitation Symposium was held to "help identify the main areas where traders face obstacles when moving goods across borders". The symposium provided an opportunity for government trade policy officials to exchange views with private sector traders who sent a clear message that the WTO should play a key role in this area, both in terms of ensuring the full implementation of existing WTO obligations related to trade facilitation and in terms of expanding existing rules and developing rules in new areas.

Canada agrees on the importance of ensuring the full implementation of existing WTO obligations that facilitate trade (e.g., the Customs Valuation and the Rules of Origin agreements). The development of WTO rules on trade facilitation could provide significant benefits. WTO provisions designed to further simplify and clarify trade procedures can result in cost savings for both importers and exporters, contribute to cost-savings and increased revenues for governments, provide easier access to world markets for traders, particularly small and medium sized businesses, promote increased investment, and benefit consumers everywhere.

During exploratory and analytical discussions, Canada has made some specific and practical suggestions around which WTO trade facilitation provisions might be developed, including areas such as advance rulings, use of risk assessment controls, review and appeal, simplified procedures, and harmonization of import documentation and data. The Canadian

suggestions reflect the view that the WTO should focus on where it can add value, and fill gaps in existing initiatives in other international organizations, as well as building on existing WTO provisions related to trade facilitation. Our proposals are directed towards enhancing transparency and certainty for traders and to expediting the flow of goods across borders while maintaining effective compliance with trade and domestic regulations. The Canadian objective is to facilitate trade in a practical manner that is meaningful to traders.

## IMPROVING ACCESS FOR TRADE IN SERVICES

Annual global trade in commercial services is approximately US\$1.3 trillion. The WTO's General Agreement on Trade in Services (GATS) represents the first multilateral, legally enforceable framework of rules governing this huge area of trade and has been in effect since the WTO entered into force in 1995.

Under the GATS, WTO Members are to begin by January 2000 further comprehensive negotiations on trade in services, aimed at achieving progressively higher levels of liberalization. In preparation for the negotiations, WTO Members, and Canada in particular, have embarked on an exercise of private sector consultation and education with a view to identifying negotiating interests and objectives for these negotiations. It is expected that the WTO Services Council will turn its attention to developing negotiating guidelines and procedures in mid 1999.

In preparing for these negotiations, Canada will determine domestic interests and establish negotiation priorities in consultation with Canadian industry, provincial governments and other stakeholders. Issues for consideration include sectors of export interest to Canadian industry; markets of interest to Canadian industry; current or potential barriers faced by Canadian industry in providing services to foreign markets or consumers; improving access to countries that are key export destinations for Canadian services; and providing Canadians with access to quality services at a competitive price. In addition, Canada is committed to improving the Agreement's transparency and clarity for the business community, to make it more "user-friendly".

Other objectives for Canada in 1999 include ensuring full and effective implementation of agreements on basic telecommunications and financial services, finalizing disciplines on the domestic regulation of accountancy services, and developing a program of work on standards for the domestic regulation of other professional services.

Sectors that are likely to be of importance during the upcoming negotiations include professional services, business services, financial services, telecommunications services, computer services, environmental services, and transportation services.

### Financial Services

The global marketplace for financial services includes some US\$38 trillion in bank lending, US\$18 trillion in securities assets and US\$2 trillion in insurance premiums. In December 1997, seventy WTO Members, including Canada, representing 95 percent of financial services trade, successfully concluded an agreement to establish the first permanent, multilateral framework of rules for trade in financial services. As well, individual countries made specific commitments regarding the conditions under which foreign financial institutions may provide services such as banking, insurance, securities, and financial information services.

Canada accepted the Fifth Protocol to the GATS on trade in financial services on January 18, 1999 and it entered into force on March 1, 1999. Over the next year, the priority for Canada will be to ensure timely ratification and effective implementation of the agreement by all participants.

### Basic Telecommunications Services

The GATS Agreement on Basic Telecommunications (ABT) was concluded in February 1997 with the participation of countries accounting for over 90 percent of worldwide telecommunication revenues, and came into effect on February 5, 1998. From that date, both the WTO dispute settlement mechanism and the MFN principle have applied to the provision of basic telecommunications services by all Members of the WTO. To date, Canada has implemented all of its commitments on or ahead of time, and has announced steps to end our last telecommunication monopoly, the Telesat monopoly on fixed satellites, on schedule in March 2000. By November 1998, specific commitments regarding market access, national treatment, and the application of

pro-competitive regulatory principles were undertaken by all 89 participants to the ABT. The ABT does not cover direct-to-home or other broadcasting services. The commitments made by participating countries will be implemented over the next decade. Canada will closely monitor implementation of the Agreement by its trading partners to ensure Canadian industry can take advantage of access to new markets.

### Professional Services

Canada's goal in the ongoing WTO discussions on professional services is to obtain greater and more secure market access for providers of professional services, particularly for professions of key export interest. Canada, supported by industry, is playing an active role in the WTO/GATS Working Party on Professional Services (WPPS), which is charged with developing disciplines to ensure that domestic regulations such as technical standards and licensing or qualification requirements do not act as disguised barriers to trade. In this regard, the WTO's Council for Trade in Services adopted, on December 14, 1998, the Disciplines on Domestic Regulation in the Accountancy Sector which have been developed by the WPPS. This is the first step in the development of GATS disciplines on the domestic regulation of services. Canada is encouraging the WPPS to expand its work program to include additional professions, particularly engineers, architects, and legal consultants.

## ISSUES THAT AFFECT ACCESS FOR TRADE IN GOODS AND SERVICES

### Government Procurement

To take advantage of the significant potential for international trade represented by the annual hundreds of billions of dollars in global expenditures on government procurement, Canada has pursued market access in a number of fora. Increased sectoral coverage and a reduction of discriminatory barriers in the United States and other key markets would result in significant opportunities for Canadian exporters. To increase opportunities, Canada supports a range of activities to broaden and strengthen government procurement disciplines and to ensure effective implementation of existing disciplines.

Canada, along with 25 other countries, is party to the *WTO Agreement on Government Procurement* (AGP). The AGP provides the basis for guaranteed

access for Canadian suppliers to the markets of the United States, the European Union, Japan and other key markets. NAFTA provides further access for Canadian exporters to U.S. and Mexican government procurement.

Foreign Affairs and International Trade is undertaking a series of consultations with stakeholders to determine how best to approach government procurement in various negotiating fora. The initial stage of these consultations is focussed on establishing the methodology for determining Canadian priorities in selling to foreign governments (types of products, markets, etc.) for use in developing the Canadian position in upcoming negotiations in the WTO and FTAA. Views are also being sought on a potential WTO agreement on transparency in government procurement; simplification of the AGP; and, the framework of a FTAA procurement agreement. Through the recently established EU Action Plan, Canada will continue to work with our counterparts in Europe to seek progress in removing barriers to selling to governments worldwide and we are working with our EFTA counterparts to determine the feasibility of opening government procurement markets as part of a Canada-EFTA FTA. We will also continue to seek progress on the development of non-binding procurement principles for APEC member countries.

### Electronic Commerce

The use of electronic commerce will be one of the most important factors in the expansion of trade flows in the 21st century. Both the WTO and the FTAA have launched year-long work programs to examine trade-related aspects of electronic commerce. In the case of the WTO, the key issue is the extent to which disciplines provided under current trade agreements address issues arising from the use of electronic commerce. In the case of the FTAA, the key issue is how to deal with electronic commerce in the context of the FTAA negotiations. The Government will be consulting with Canadians on the development of a trade policy that facilitates global electronic commerce.

### Dispute Settlement

Canada considers the Dispute Settlement Understanding (DSU) to be one of the most important outcomes of the Uruguay Round. The DSU is rightly viewed as a cornerstone of the WTO.

It sets out a fair, effective and credible dispute settlement system accessible to all Members. With new rules for the automatic establishment of panels and for the adoption of panel reports, and the creation of the Appellate Body, the DSU reinforces the rule of law and thereby contributes to strengthening the rules-based multilateral trading system. Members' confidence in the system has grown, as evidenced by the number of cases brought forward and by the proportion of these being settled at the consultation stage.

Canada will continue to use the WTO dispute settlement mechanism wherever necessary and appropriate to ensure that our exporters do not face barriers inconsistent with WTO agreements. Canada has been one of the most active users of the WTO dispute settlement system and to date has been a complainant in 6 cases under the DSU and has joined other Members' consultations, or has intervened in panel proceedings, in 30 other cases.

Recently, Canada has used the Dispute Settlement process to advance Canadian interests in the fishing, mining and aerospace sectors. On November 6, 1998, the Dispute Settlement Body (DSB) adopted the Panel and Appellate Body reports confirming that Australia's ban on the importation of fresh, chilled or frozen salmon from Canada is inconsistent with Australia's WTO obligations. Specifically the reports found that the ban, in place since 1975 is not based on a risk assessment and is maintained without scientific evidence. Canada is also challenging France's prohibition of the manufacture, processing, sale and importation of asbestos and asbestos-containing products.

Further details on specific disputes can be found in the appropriate country chapter.

Canada has challenged the Brazilian export subsidy PROEX under the WTO Subsidies and Countervailing Measures Agreement. The Panel's decision is due in mid-March of this year. PROEX, under its "interest equalization" component, provides for the payment of subsidies to reduce financing costs for Brazilian exports. While PROEX applies to a wide range of exports of Brazilian goods and services, Canada's complaint relates to the application of PROEX in the aircraft sector. Brazil has, in return, challenged various Canadian programs that support the

Canadian aerospace, as well as other, industries. A separate Panel will report on Brazil's complaint, also in mid-March.

Canada is currently responding to a complaint by the United States regarding export subsidies allegedly granted by Canada on dairy products and the administration by Canada of the tariff-rate quota on milk. The same panel is also hearing a challenge by New Zealand against Canada in respect of an alleged dairy export subsidy regime. A panel has also been requested by Japan and the European Commission (EC) concerning Canadian measures taken in the implementation of the Autopact. The EC has also requested a panel alleging that Canada is violating WTO standards for intellectual property protection by allowing an exception for pharmaceutical patent protection. On December 1, 1998, Canada requested consultations of the EU supplementary protection certificate (SPC) system for pharmaceutical and agricultural chemical products. Consultations with the EU were held on January 8, 1999. Canada is considering its next steps.

Canada actively follows the development of trade disputes involving other WTO Members and joins in whenever our trade interest or systemic interest in the WTO warrant our intervention. Canada has reserved third-party rights to present arguments to panels and the Appellate Body, such as in the complaints against Korea and Chile concerning taxes on alcoholic beverages.

A review of the Dispute Settlement Understanding is currently underway. With a view to further strengthening this keystone of the multilateral trading system, Canada is actively engaged in the review and has proposed refinements in the following areas: enhancing transparency in the system; improving mechanisms for implementing DSB recommendations and rulings; and ensuring the dispute settlement system is accessible to all Members.

### **Accessions to the World Trade Organization**

Over the past year, accession negotiations were concluded between WTO Members and two countries, the Kyrgyz Republic and Latvia. The WTO now counts these countries among its 134 Members. A further 30 countries and customs territories have applied to join. China, Chinese Taipei (Taiwan),


Russia, Saudi Arabia, Ukraine, Estonia, Lithuania and Vietnam are among approximately 20 applicants with which active negotiations are proceeding. As in previous years, in 1999 Canada will continue to take an active role in accession negotiations. Canada supports the expansion of WTO membership for two reasons:

- to secure more open, non-discriminatory and predictable access for Canadian exports of goods and services to these markets; and
- to achieve transparent, rules-based trade regimes in additional markets, thus contributing to economic stability and prosperity more broadly.

The negotiations take place on two parallel tracks — multilateral and bilateral. For each accession, a WTO Working Party comprising interested WTO Members examines the applicant's trade regime and identifies the reforms required to achieve conformity with WTO rules. By participating in Working Party deliberations, Canada satisfies itself that the accession will bring about more predictable, less discretionary trading conditions in the applicant's market.

In bilateral market access negotiations, Canada focuses on obtaining the reduction or elimination of tariffs and NTBs affecting access for goods that are of current or future export interest to Canadian companies. These include agricultural, fish, resource and industrial products. Canada expects applicants to bind their tariff commitments; to provide non-discriminatory access (for example, in the oilseeds sector); and to join the various zero-for-zero and harmonization initiatives developed by WTO Members, including the Information Technology Agreement. With the devolution of the tariff elements of the "Early Voluntary Sectoral Liberalization" (EVSL) initiative to the WTO from APEC, we will also pursue our EVSL priorities in bilateral accession negotiations. Similarly, Canada aims at achieving better access in sectors targeted by services firms, by seeking binding commitments in the four "modes" of services trade: cross-border supply of services, consumption abroad, commercial presence and the movement of persons.

Accession negotiations offer a unique opportunity to resolve Canadian market access problems in the applicants' markets.



### 3. Investment

There is no doubt today that foreign direct investment (FDI) in Canada and Canadian investment abroad have joined the international trade in goods and services to become our principal engines of growth and job creation. The stock (book value) of FDI in Canada reached \$188 billion in 1997. At the same time, CDIA increased to \$194 billion in 1997 and exceeded foreign direct investment into Canada for the second year in a row. Now more than ever, it is important for Canada to work toward achieving a fair, open and secure environment for international investment both at home and abroad.

Foreign direct investment has increased throughout the world at a dramatic rate, outpacing the growth in international trade and GDP by a wide margin. Inflows and outflows of FDI, both in the \$400 billion US range, set a new global record in 1997, while the world stock of FDI reached an estimated US\$3.5 trillion. Investment flows to developing countries are increasing rapidly and now comprise almost 40 percent of global FDI flows.

Foreign investment in Canada has over the years been an important source for jobs, especially high-skilled jobs, and has brought with it other advantages in research and development, technology and talented people. These have all made real and lasting contributions to our economic and social well-being. An economic forecast prepared by Industry Canada and Foreign Affairs and International Trade estimates that each \$1-billion increase in new inward investment to Canada can generate up to 45,000 jobs and \$4.5 billion GDP over a five-year period. This study also postulates that one job in ten and approximately 50 percent of Canada's total exports derive from FDI. It should be further noted that a large proportion of profits from new investments is reinvested in Canada, contributing to a higher growth rate and a rise in Canadian living standards.

Canada has an affluent domestic market, a highly skilled and well-educated labour force, efficient transportation systems and a telecommunications infrastructure which is the envy of the world. The Canadian private sector is competitive and knowledge-intensive, especially in telecommunications, biotechnology, computer software (including encryption capabilities), medical devices, pharmaceuticals and ocean technologies. Our excellent health-care

and education systems are cornerstones to our high quality of life. Canada remains an attractive location for foreign investment. Following more than a decade of high deficits and inflation, Canada's inflation rate is now one of the lowest in the world and a balanced budget has been attained. The World Economic Forum currently ranks Canada fourth in the world for international competitiveness, compared to 20th in 1994, while the Economist Intelligence Unit places Canada's business environment over the next five years as third out of 58 countries.

These Canadian advantages have not been gained by compromising our overriding economic and social values. Foreign investors in Canada are subject to the same laws and regulations as are Canadian investors, including those aimed at protecting the environment, and those ensuring the highest labour, health, building and safety standards.

But investment is not a one way street. One of the most significant features of Canada's recent economic history has been the rapid growth of Canadian investment abroad. The value of this investment more than tripled between 1985 and 1997, from \$57.2 billion to \$194 billion, and in 1997, for the second consecutive year, direct investment abroad by Canadian business overtook foreign investment in Canada.

Direct investment abroad by Canadian business is part of its strategic effort to increase market share and stay competitive in foreign markets. Companies are increasingly using outward investment to strengthen their operations, penetrate new markets and acquire new technologies, resources and skills. Evidence suggests that this type of investment does not precipitate an "export of jobs" but rather results in increased sales and production from home facilities. For example, a study undertaken by the United Nations Conference on Trade and Development estimates that over one third of the global trade in manufactured goods is undertaken between parent firms and their foreign subsidiaries.

Additional research has shown that the growth, productivity and profits of Canadian firms involved in global markets has been superior to the performance of domestically-oriented firms. We have also seen that income from Canada's outward foreign direct investments increased sharply during recent years, helping to improve our standard of living. The growth of Canadian investment abroad has lead to an increase

in exports, which has directly affected Canada's economic health.

The United States is Canada's most important investment partner, accounting for over 50 percent of total outward direct investment, followed by the United Kingdom and other European Union countries. However, the efforts by Canadian businesses to diversify their global operations have resulted in a rapid development of investment relationships with many other countries worldwide, particularly in Latin America and the Pacific Rim. Over 20 percent of Canadian foreign direct investment is now in developing countries and is expected to lead to an increase in Canadian exports to these countries.

The growth in foreign investment by Canadian business has increased the demand for improved access and greater protection for Canadian investments. However, international rules, which are essential tools in providing a stable, transparent and open environment for these international investment flows, are still in the development stage. Such rules are currently being formulated at the bilateral, regional and multilateral levels, as described below. However, there is no single set of comprehensive rules at this time.

## CANADA'S MULTI-TRACK INVESTMENT POLICY APPROACH

The Government's policy initiatives in the area of international investment focus on providing both an attractive environment for inward investment, as well as access, transparency and protection for Canadian investors abroad.

### Bilateral Initiatives

Canada is currently pursuing a full program of negotiations on Foreign Investment Protection Agreements (FIPAs). FIPAs are bilateral, reciprocal agreements designed to protect and promote foreign investment through legally-binding rights and obligations. A FIPA is Canada's version of what is more commonly known as a Bilateral Investment Treaty.

FIPAs are targeted toward ensuring access and protection for Canadian investment in developing countries where a commitment to clear, predictable and non-discriminatory treatment for foreign investment is still very much evolving. A FIPA serves to provide an assurance to investors that the rules

governing investment will remain bound by a certain standard of fairness and predictability. FIPAs can help Canadian companies gain an optimum level of investment, lower their political risk and reduce many of the costs associated with investing in emerging economies. FIPAs can also serve to attract foreign investment into Canada because they strengthen Canada's identity as a secure base for establishing global enterprises.

Canada has negotiated 26 FIPAs since initiating its program in 1989, and is currently negotiating with a large number of major trading and investment partners, including Russia, China, Brazil, Argentina and the United Arab Emirates.

### Regional Initiatives

As part of the North American Free Trade Agreement (NAFTA), Canada negotiated a comprehensive investment agreement with the United States and Mexico in 1992. The NAFTA investment agreement is considered to be the preferred model on which to base other negotiations, and has been used as the basis for the provisions on investment in the 1997 Canada-Chile Free Trade Agreement (CCFTA) and Canada's FIPAs.

Canada is further pursuing discussions with its investment partners in the Americas through the FTAA investment negotiations. These began in September 1998 and are continuing throughout 1999. The main objective of these negotiations is to establish a fair and transparent legal framework to promote investment in the Americas through the creation of a stable and predictable environment for investors, without creating obstacles for investors and investments outside the hemisphere.

In October 1998, Canada announced the launch of negotiations for a comprehensive free trade agreement, including disciplines on investment, between Canada and the EFTA countries of Norway, Switzerland, Iceland and Liechtenstein. Canada and EFTA have confirmed their ambition to work towards concluding negotiations by mid-1999. In the negotiations for the investment component, Canada's objective is to build on its existing investment relationships with the EFTA countries and to increase prospects for investment opportunities on both side by developing a truly transatlantic, multilateral rules based investment regime.

Canada is also actively involved in regional investment discussions with Pacific Rim countries by way of the APEC initiative. Through a program of voluntary Individual Action Plans guided by Non-Binding Investment Principles (NBIP's), APEC economies work to liberalize their investment regimes by removing restrictions on market access and strengthening their legislation to protect foreign investment. Canada supports the progress toward investment liberalization made by several Asia-Pacific countries.

### The World Trade Organization

Canada's interest in WTO investment rules is based on its commitment to multilateralism and to a rules-based, rather than power-based, trading system. The WTO has over the years delivered an effective, stable, predictable, transparent and fair framework for world trade, which continues to evolve with the world economy. This institution is well suited to providing the same benefits to the international investment system, which is a central determinant in the changing world economy. There is also a natural linkage between trade and investment.

The WTO already incorporates a number of investment-related rules into its existing agreements, including the General Agreement on Trade in Services (GATS) for service industries and the Agreement on Trade-Related Investment Measures (TRIMs). However, coverage of investment activity in these agreements is far from comprehensive and, as a result, many countries have been negotiating investment issues in various regional and bilateral fora. Unfortunately, the resulting agreements have their shortcomings, since each enjoys only limited membership and increases the complexity of operations in world markets.

To help create a fair and level international playing field for all investors, Canada and its major trading partners have now commenced discussion on a more comprehensive set of investment rules in the WTO. Ministers from Canada and other WTO Members established an educative work programme on investment at the 1996 WTO Singapore Ministerial Conference with a mandate to investigate the relationship between trade and investment. The WTO Working Group on Trade and Investment has provided a forum for balanced discussions between developed and developing countries on international investment

and the possibility of developing rules in the WTO framework. Based on discussions to date, WTO Members have reached the general conclusion that international investment has a positive impact on growth and development.


During 1999, Canada would like to see the Working Group focus more on identifying gaps in existing international investment rules. This will require in-depth assessments of the investment rules already incorporated into the WTO and into regional and bilateral investment agreements signed by developing and developed countries. Such an approach will assist the WTO General Council in making its recommendations on whether to undertake negotiations in the area of investment. Canada considers that this is ultimately required if we are to ensure an appropriate rules-based system. In anticipation of the possible negotiations, Foreign Affairs and International Trade is consulting with stakeholders across Canada to obtain their views.

Contributions to the consultation process, can be sent by e-mail, fax or mail:

**E-mail:** consultations@dfait-maeci.gc.ca

**Fax:** (613) 944-0757

**Mail:** Trade Negotiations Consultations  
Trade Policy Planning Division (EAI)  
Department of Foreign Affairs  
and International Trade  
Lester B. Pearson Building  
125 Sussex Drive  
Ottawa, Ontario  
K1A 0G2



#### 4. *Opening Doors to the Americas*

### THE NAFTA

The North American Free Trade Agreement entered into force for Canada, the United States and Mexico on January 1, 1994. Designed to foster increased trade and investment among the partners, the NAFTA contains an ambitious schedule for tariff elimination and reduction of non-tariff barriers, as well as comprehensive provisions on the conduct of business in the free trade area. These include disciplines on the regulation of investment, services, intellectual property, competition and the temporary entry of business persons.

The NAFTA did not affect the phase-out of tariffs under the Canada-U.S. FTA, which was completed on January 1, 1998. As of that date, virtually all tariffs on Canada-U.S. trade in originating goods were eliminated. Some tariffs remain in place for certain products in Canada's supply-managed sectors (e.g., dairy and poultry), as well as sugar, dairy, peanuts and cotton in the United States. The NAFTA provides for virtually all tariffs to be eliminated on trade in originating goods between Canada and Mexico by January 1, 2003. The second round of "accelerated" tariff reductions, covering some US\$1 billion in NAFTA trade, was implemented in August 1998. Mexican tariffs were eliminated on certain Canadian yarns, textile fabrics, chemical products, caulking compounds, certain watches and other specified products.

Institutionally, the implementation of the NAFTA is directed by the NAFTA Commission, composed of the Trade Ministers from each country. The Commission oversees the work of over 30 trilateral committees, working groups and other subsidiary bodies established under the Agreement to further facilitate trade and investment, and to ensure effective implementation and administration of the NAFTA's rules. The NAFTA working groups and committees also provide a transparent mechanism for discussion of issues and possible avoidance of disputes through early dialogue on contentious points.

At the most recent Commission meeting in April 1998, Ministers launched a comprehensive "operational review" of the NAFTA work program to examine the structure, mandates and future priorities of the NAFTA work program. It was reviewed in

detail by NAFTA Deputy Ministers of Trade in Ottawa in September 21-22, 1998. Following approval by Ministers, the results of this review were published on the Foreign Affairs and International Trade website. Canada will host the next NAFTA Commission meeting, marking the fifth anniversary of the NAFTA, in the spring of 1999. The meeting provides a timely opportunity to evaluate the impact of the NAFTA over its first five years and chart the way forward. Canada's priorities include reviewing the implementation of the Investment Chapter (including the investor-state dispute settlement provisions), trade remedies and the further cooperation between trade and the environment and labour side agreements.

Total trade and investment between Canada, Mexico and the United States has increased substantially since the NAFTA was implemented in 1994. Canada's total merchandise trade with the United States and Mexico surpassed a half a trillion dollars in 1998. Two-way merchandise trade between Canada and Mexico grew by 8.6 percent, reaching \$8.9 billion in 1998. Our merchandise trade with the United States is up 11.1 percent over the same period, reaching \$505 billion in 1998.

Under the NAFTA, Canadian producers are better able to realize their full potential by operating in a larger, more integrated and efficient North American economy. Consumers benefit from this heightened competition, with better products, services and prices.

Enhanced access to NAFTA markets, and the existence of clear rules on trade and investment, have enhanced Canada's attractiveness to foreign and domestic investors. Total FDI into Canada reached \$187.6 billion in 1997, 70 percent of which comes from our NAFTA partners. FDI into Canada from the United States increased for a fourth straight year to \$130 billion in 1997, while investment from Mexico reached \$223 million in 1997 (up some 50 percent over 1993). Canadian direct investment in the NAFTA countries has also increased, reaching \$99 billion into the United States in 1997 (up 47 percent over 1993) and over \$1 billion into Mexico (about double the 1993 level).

## Settling Disputes under NAFTA

The vast majority of our trade and investment with the United States and Mexico now takes place within the context of the clear and well-established rules of the NAFTA. Nonetheless, disputes are bound to emerge in such a large trading area. In such cases, the NAFTA provides a vehicle for the governments concerned to resolve their differences through NAFTA committees and working groups, or through other consultations. If no mutually acceptable solution can be found, the NAFTA provides for expeditious and effective dispute settlement procedures. Where WTO rights and obligations are at issue, NAFTA Parties also maintain the option of recourse to WTO dispute settlement procedures as an alternative to the NAFTA procedures.

Chapter Twenty includes provisions relating to the avoidance or settlement of disputes regarding the interpretation or application of the NAFTA, except for matters covered under Chapter Nineteen. There are also special rules for matters under Chapters Eleven (Investment) and Fourteen (Financial Services). Chapter Nineteen of the NAFTA provides a unique system of binational panel review in place of final judicial review for domestic decisions regarding anti-dumping and countervailing duty matters.

Three requests were made before the end of November 1998 for review of decisions of Canadian agencies in antidumping or countervailing duty cases (baby food, flat carbon steel and copper pipe fittings), and two requests were made by Canadian producers for review of decisions of U.S. agencies (flat carbon steel and brass sheet). Two other cases involving either Canadian goods or Canadian agencies remain active, one involving a Canadian agency's decision on hot-rolled carbon steel plate from Mexico and the other involving a Mexican agency's decision on rolled steel plate from Canada. One case, involving the review of a Canadian agency's decision in an antidumping case on concrete panels from the United States that was requested in 1997, was completed during 1998.

Over the past year, Canada took action under Chapter Twenty procedures on meat labelling and grain to defend Canadian interests (these cases are elaborated in the U.S. section of this chapter). As well, several consultations were held in 1998 under Chapter Twenty in which Canada was a third party (bus access, sugar). On bus access, following NAFTA

Commission meetings, Mexico has requested arbitral panels under Chapter Twenty to resolve these disputes with the United States and Canada is to participate as a third party. On sugar, Mexico has requested that the issue be discussed by the NAFTA Commission.

## UNITED STATES

### Overview

Canada and the United States are each other's largest trading partners, moving approximately \$1.5 billion worth of goods and services across the border each day. In 1998, Canada exported \$270.6 billion in goods to the United States and imported \$234.2 billion from that country. Canada exported 26.7 billion in services and imported 32.2 billion in 1998. Canada's merchandise exports to the United States alone support over 2 million Canadian jobs, and generate 30.4 percent of Canada's GDP. Fully 83.7 percent of Canadian merchandise exports are destined for the United States. Since the implementation of the FTA in 1989, two-way trade has more than doubled. Between 1992 and 1998, two-way trade increased by over 13.7 percent per year. This contrasts with an average annual increase of about 8.4 percent over the same period for Canada's trade with the rest of the world.

The FTA, and subsequently the NAFTA, have had other positive spin-offs. For example, U.S. direct investment in Canada has increased from approximately \$85 billion in 1991 to \$130 billion in 1997, while Canadian direct investment in the United States has grown from \$63 billion to \$99 billion in the same period. As well, the Open Skies Agreement signed in February 1995 continued last year to open new opportunities for both Canadian and U.S. airlines.

Canada's trade and investment relationship with the United States is quantitatively and qualitatively different from that with any other country. Excellent opportunities exist for Canadian goods and services exporters in virtually every sector. To exploit these opportunities, DFAIT's activities concentrate on introducing small- and medium-sized enterprises (SMEs) to the market. The New Exporters to Border States (NEBS) program has been highly successful in this regard, having helped more than 8,500 companies make their first foray into the U.S. market. The

Canadian Government also encourages Canadian exporters that have succeeded in more than one region of the United States to "graduate" to other international markets.

The Canadian Government has produced a new investment development strategy to attract and expand investment from the United States and to encourage strategic alliances with U.S. companies. The strategy outlines the Government's plan to promote investment attraction through the use of a more integrated, sector focused approach which builds on the cooperation between DFAIT and its Team Canada partners.

In promoting Canada's market access and business development interests in the United States, it is important to target the various regions of the country. Minister-led missions to various U.S. regions, most of them having larger markets than many countries, help to forge the necessary relationships with government and business leaders that help advance Canadian priorities. A program of visits by several federal Deputy Ministers also serves to promote Canadian interests in this market and to highlight the attractiveness of Canada as an investment destination.

### Market-opening Results in 1998

- On December 4, 1998 Canada and the United States agreed to a wide range of measures to address longstanding issues in agricultural trade and to a schedule of high-level bilateral meetings designed to deal with issues of concern before they become irritants.
- On November 30, 1998 Canada and the United States agreed to the implementation of a nationwide intransit preclearance program in Canada, which builds on the success of Open Skies. Under this initiative, all Canadian airports with existing U.S. preclearance facilities will be eligible for intransit preclearance services which will streamline processing of passengers travelling from Asia and Europe through Canada to the United States. Vancouver, Toronto and Montreal (Dorval) will be eligible for intransit preclearance in 1999. Calgary intends to follow in 2001. Edmonton, Ottawa and Winnipeg would be eligible after 2001.
- Canada and the United States have initiated compliance seminars, conducted in Canada by U.S. Customs and the U.S. Food and Drug Administration in partnership with Canadian officials, to inform Canadian exporters of U.S. regulatory requirements.

- The state of Michigan agreed to delay full implementation of its Single Business Tax (SBT) broader application to Canadian companies. Consultations on the implementation of the SBT will take place in 1999 and include business communities from both sides of the border.
- Twice in 1998, and again on Feb 1, 1999, President Clinton exercised his discretion to suspend the right to bring action under the Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act (also known as the Helms-Burton Act) against current investors in property expropriated by the Cuban government.

### Canada's Market Access Priorities for 1999

- promote and further defend access to the U.S. market by exercising rights under existing trade agreements and by resisting U.S. measures that constrain Canada's access to its most important trading partner;
- strengthen Canadian advocacy efforts to inform U.S. opinion makers of the adverse impact of protectionism, and develop and support strategic alliances with U.S. customers and their representatives affected by such measures;
- continue to monitor closely and respond to key measures that may distort trade and investment decisions in the North American market;
- continue to resist the extraterritorial application of U.S. laws;
- work closely with the United States to enhance co-operation and streamline border processing through initiatives such as the Shared Border Accord and Preclearance, including an expansion of the voluntary compliance outreach program;
- continue Canadian advocacy efforts to inform U.S. opinion makers of the adverse impact of legislation impacting on the free and easy movement of people and goods across the border, such as Section 110; and
- continue to advance Canadian market access objectives in other areas, such as services, government procurement, and the application of trade remedies.

The remainder of this chapter provides additional detail on key U.S. market access issues for Canada over the next year. It should not be regarded as an exhaustive inventory of obstacles faced by Canadian

firms doing business in the United States, nor as an exclusive list of issues that the Canadian Government will pursue.

## EXERCISING CANADA'S RIGHTS UNDER TRADE AGREEMENTS

### Sugar and Sugar-containing Products

In September 1997, Canada and the United States exchanged Letters of Understanding whereby Canada received country-specific allocations allowing certain quantities of Canadian sugar-containing products (SCPs) and refined sugar to be imported duty-free each year into the United States. Canada is also able to compete with other countries for the non-allocated portions of these tariff rate quotas (TRQs). To ensure predictable access to the SCP TRQ for Canadian exporters, as part of the joint Canada-U.S. Action Plan on agricultural trade, the United States will require an export permit, issued by the Government of Canada, as a condition of entry when the exporter or importer is claiming preferential tariff treatment. This change will be implemented no later than June 1, 1999. While the guaranteed access to the U.S. market has benefited Canadian companies, further gains will come from an overall increase in access to the lucrative U.S. sugar and SCP market. The best opportunity to increase this access will be in the upcoming WTO agriculture negotiations, set to begin in late 1999.

Total TRQ for SCPs	64,709 tonnes
Amount allocated to Canada	59,250 tonnes
Non-allocated portion	5,459 tonnes
Total TRQ for refined sugar	22,000 tonnes
Amount allocated to Canada	10,300 tonnes
Non-allocated portion	7,090 tonnes

### Softwood Lumber Agreement

The Canada-U.S. Softwood Lumber Agreement, implemented on April 1, 1996, increases predictability and stability in our softwood lumber trade with the United States, by providing Canadian exporters with a guarantee against U.S. trade actions for five years. Under the Agreement, exports to the United States of softwood lumber first manufactured in British Columbia, Quebec, Ontario and Alberta

that exceed 14.7 billion board feet a year are subject to a US\$50 per thousand board feet fee for the first 650 million board feet, and a US\$100 per thousand board feet fee for quantities exceeding this amount. Prices are adjusted annually for inflation.

The Agreement provides for an additional 92 million board feet in fee-free exports for each calendar quarter when the average price exceeds US\$405 per thousand board feet in the first two years and US\$410 in the last three years.

The methodology for dividing the fee-free and US\$50 export levels amongst individual exporters was developed in consultation with exporters, associations and the provinces. These discussions were wide-ranging and complex, attempting to address the divergent needs and priorities of more than 500 stakeholders. Companies received quota based on their traditional exports to the United States. There was also a provision for allocations to new companies or companies that had planned significant expansions. The allocations, first made in October, 1996, are renewed on an annual basis according to each quota holder's utilization in the previous year. This provides Canadian companies with the stable access they require to make rational, long-term decisions on marketing and shipping their lumber to the United States.

The Softwood Lumber Agreement is entering the fourth year of its five-year term. Key objectives in 1999 are to maintain the smooth operation of the quota allocation system and to continue ensuring compliance with regulations through the verification process. Dispute settlement is an important ongoing challenge. To date, the dispute settlement process set out in the Agreement has been invoked in connection with two matters: the U.S. re-classification of drilled studs as a product covered by the Agreement and the June 1, 1998 reduction of stumpage rates by British Columbia. Canada will continue to manage these issues and other with the United States, in consultation with affected provinces and industry stakeholders.

As well, we have initiated a broader process of consultation with industry and provincial stakeholders on steps to be taken when the Agreement expires on March 31, 2001.

## Sanctions

Canada remains concerned over the proliferation of unilateral U.S. economic sanctions having extraterritorial application. Such measures harm the legitimate right of Canadians to trade and invest freely, provided that they do so in accordance with Canadian law, the law of the country in which they are operating and international trade practice. At the federal level, the most notable examples are the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act of 1996 (Helms-Burton Act) and the Iran and Libya Sanctions Act of 1996 (ILSA). A number of U.S. states and municipalities have also introduced sanctions legislation mandating procurement restrictions and divestiture requirements targeting certain countries. U.S. courts are reviewing the constitutionality of these laws.

The Helms-Burton Act is designed to chill third-country investment in Cuba by exposing foreign nationals who engage in business activities in expropriated Cuban property to claims in U.S. courts against that property. It also provides for the denial of entry to the United States of foreign individuals and their dependants or companies who "traffic" in that property. The legislation violates U.S. obligations under international agreements, notably the NAFTA and the WTO, and is inconsistent with generally recognized principles of international law.

Continued temporary suspensions of the right to sue under Title III of Helms-Burton do nothing to address the long-term problems of the legislation. Liability for Canadian companies has been accruing since 1996, and senior officials from one Canadian company have been barred entry to the United States under Title IV.

Canada has expressed strong opposition to the extra-territorial nature of the legislation and the negative impact it has on legitimate Canadian trade and investment ties with Cuba. In both domestic and multilateral fora, Canada has continue to press for removal of trade aspects of the Helms-Burton Act. Domestically, amendments were made in September 1996 to the Foreign Extraterritorial Measures Act (FEMA) to provide Canadian companies enhanced means to defend themselves against Helms-Burton actions.

On October 21, 1998, the United Nations General Assembly adopted the resolution "necessity of ending the economic, commercial and financial embargo

imposed by the United States of America against Cuba.” This resolution specifically names the Helms-Burton Act.

The Iran and Libya Sanctions Act of 1996 (ILSA) seeks to dissuade foreign companies from making significant investments in these countries, which contribute to their ability to develop their oil and gas sectors. This interferes with the right of non-U.S. companies to conduct legitimate business. At the same time, Canada has taken strict measures to ensure that Canadian trade will not contribute to the military or possible nuclear, biological and chemical weapons capabilities of Iran and Libya.

### **Alcoholic Beverages**

In February 1992, Canada was a complainant against the United States in a panel under the GATT, which examined U.S. federal and state measures relating to imported beer, wine and cider. The panel found, for example, that certain provisions of the federal excise tax, and those of many states, discriminated against imports, and thus were inconsistent with the GATT. Furthermore, the panel found that many other state measures also constituted discriminatory treatment of imported alcoholic beverage products, and recommended that the U.S. federal and state governments bring their inconsistent measures into conformity with their obligations under the GATT.

According to Canadian industry and government research, few of those measures have been brought into conformity; in addition, new trade-distorting measures affecting Canadian exports of alcoholic beverages to the United States have been implemented at the State level since the GATT Panel reported. Canada is therefore pursuing this issue further with the United States, to press for implementation of the GATT Panel. This requires: (1) removal of the discriminatory elements of the federal excise tax on beer, wine and cider; (2) reasonable measures by the Administration to ensure that the States observe the U.S. trade agreement obligations by removing discrimination from measures such as excise taxes and distribution practices.

## **RESISTING U.S. MEASURES THAT CONSTRAIN ACCESS**

### **Agriculture and Agri-food Products**

During 1998, low commodity prices and market access concerns on both sides of the border increased

tensions in agriculture trade. Facing political pressure from farm groups and a November election, the Governor of South Dakota blocked Canadian trucks carrying livestock and grain in mid-September. Some neighbouring states succumbed to the politicking and joined in by ordering police and other agencies to increase inspections of Canadian trucks. State authorities ceased these actions after the U.S. Administration, pressured by Canadian requests for WTO and NAFTA consultations, agreed to enter into bilateral discussions with Canada. In early December, the two sides announced a joint Record of Understanding and 17-point Action Plan to improve market access for agriculture and agri-food products and enhance the management of the bilateral relationship. The agreement establishes an early warning mechanism to ensure that issues of concern to both sides are addressed in a timely and efficient manner, through regular consultations at the Ministerial and senior federal officials level. The full text of these results is available on DFAIT's website at <http://www.dfaits-maeci.gc.ca/geo/usa/general-e.htm>

The United States was the destination for 11 percent of Canadian wheat exports by value in 1998. While Canadian wheat is valued by U.S. mills for its uniformity of quality and reliability of supply, some U.S. producer groups continue to press for restrictions on Canadian grain, against a background of myths about Canadian agricultural trade practices. Canada will not restrict grain exports. Our trade is market driven and consistent with our trade obligations. Both sides are now committed to a regular exchange of information on bilateral and international grains trade, to help dispel misperceptions about the impact of Canadian exports on the U.S. market, and to deal with other issues such as trade practices in third country markets. In addition, Canada continues to encourage increased consultation and co-operation among industry groups on both sides of the border.

Under the Action Plan, both sides have agreed to remove a range of measures which restrict access for livestock, equine semen, horticultural products and nursery stock. The agreement also addresses industry concerns related to veterinary drugs and pest control products — Canadian and U.S. agencies responsible for these issues have agreed on work plans to increase information exchange and the harmonization of their regulatory systems.

Canada is also concerned about the United States' use of export subsidies in third country markets. Under the U.S. Export Enhancement Program (EEP), the U.S. Department of Agriculture may subsidize a range of U.S. agricultural exports to targeted markets. The U.S. Administration has been under pressure from some farm groups and politicians from the Midwest to reactivate EEP for wheat, wheat flour and other bulk commodities, arguing that the use of EEP would help U.S. producers. Canada has maintained that a decision to use EEP to increase the U.S. market price for wheat would make the U.S. market even more attractive for Canadian exports, thus exacerbating U.S. concerns about imports from Canada.

### Country of Origin Labelling Initiatives

In the summer of 1998, the U.S. Senate passed legislation requiring retail labelling of beef and lamb to distinguish imported meat from U.S. produce. The bill would have had serious adverse consequences for Canadian exports of both beef and cattle. Canada invoked consultations under the NAFTA's dispute settlement provisions and made strong arguments to both the Administration and Congress opposing the provision. The provision was later dropped and the USDA was directed to study the implications. The issue will return likely in Spring 1999 upon the study's completion.

In 1998, Congress also considered an imported produce labelling Act and a bill to require that retail packages of frozen imported produce display the country of origin on the front panel (current practice allows marking on the back of packages or elsewhere). Canada has long protested U.S. Administration proposals to require front panel marking of frozen produce and the Administration has yet to move to implement such a requirement by regulation.

## MONITORING DEVELOPMENTS AFFECTING CANADIAN INTERESTS

### Section 110

Section 110 of the 1996 U.S. Immigration Act directed the Immigration and Naturalization Service to create a system to document the entry and exit of all foreigners. If implemented, the provision would create massive delays at already congested Canadian border crossings. In October, 1998, the implementation date was delayed to March 30, 2001, and then only if it

does not significantly disrupt trade, tourism or other legitimate cross-border traffic at land border ports of entry.

### Michigan Single Business Tax

Changes in the Michigan Single Business Tax (SBT) could have a significant effect on Canadian businesses that are selling in Michigan. Under a broadened jurisdiction, out-of-state firms with very limited activity and no commercial establishment are taxable, and could also be liable for a retroactive period of between four and ten years. Following representations from Canada, Michigan has agreed to delay the full implementation of the SBT and to participate in consultations with the Canadian industry. The goal of these consultations is to better educate Canadian business about the change and to find a mutually agreeable solution towards its implementation.

### Fast Track

"Fast track" is a mandate to the U.S. Administration by which Congress sets out U.S. negotiating objectives and undertakes to approve or disapprove, without amendment, trade liberalization agreements thereby negotiated. The House of Representatives defeated fast track in September 1998, after a highly charged debate that is a serious setback both for fast track and for the bipartisanship that is essential to U.S. leadership internationally. Following the midterm Congressional elections, the Administration pledged an early return to the issue with the new Congress, although no timeline has yet been released.

## OTHER ISSUES

### General Accounting Office Investigation

In September 1997, at the request of U.S. Senator Dorgan (D-ND), the GAO launched a review of U.S. imports of Canadian wheat. The GAO met with numerous government and industry representatives in Ottawa and Winnipeg. Canadian officials and representatives of the Canadian Wheat Board cooperated with the GAO throughout the course of its study. The report, released in November, 1998, found no evidence of any violations of international trade agreements. Other than protecting commercially sensitive information, the Wheat Board responded thoroughly to GAO inquiries.

## Customs and Administrative Procedures

Following the visit of the Prime Minister to Washington in 1997, Canada and the United States pursued several initiatives for improving cross-border transport and trade, as well as enhancing preclearance at Canadian airports. To realize the benefits of free trade, Canada and the United States are creating a "smarter" border that facilitates trade and tourism, and protects against illicit activities. Under the Shared Border Accord, the two countries have established new mechanisms for managing the transboundary movement of goods and people, including reducing the number of stops for carriers moving goods in-transit through either country; promoting the use of joint or shared border facilities; and introducing new technologies to detect drugs and to enable remote inspection of travellers. Canada and the United States must continue these efforts to unclog our ports of entry and reduce costs caused by border congestion.

## Intellectual Property

Under Section 337 of the United States Tariff Act of 1930, imported products that are alleged to infringe upon U.S. intellectual property (IP) rights can be barred from entering the United States by the U.S. International Trade Commission (ITC). Section 337 provisions contain more direct remedies against alleged infringers than those available in U.S. domestic courts, and the administrative procedures in the ITC can be more onerous. U.S.-based alleged infringers face proceedings only in the courts, whereas importers may face proceedings both in the courts and the ITC.

In 1989, a GATT panel found that Section 337 violated GATT obligations. The Uruguay Round implementing legislation has removed some of the inconsistencies with new WTO-TRIPs obligations, but Section 337 complaints are still being brought against Canadian companies, who thereby face additional procedural burdens in defending against allegations of IP infringements. The Government of Canada remains concerned and will closely monitor specific cases to determine what steps might be taken to ensure that Canadians are treated in accordance with U.S. international trade obligations.

## Trade Remedies

Canadian officials continue to monitor trade remedy developments in the United States to ensure that changes to U.S. trade law and practice do not unduly harm Canadian exporters caught in U.S. trade remedy investigations and reviews. To this end, Canada submitted, on six separate occasions, extensive comments on regulatory proposals by the U.S. Department of Commerce and the U.S. International Trade Commission regarding the conduct of anti-dumping and countervailing duty investigations. The majority of the comments were submitted in response to proposed regulations regarding the conduct of sunset reviews of the fifteen anti-dumping and countervailing duty orders in place on Canadian products. These reviews, which began in July 1998 and are scheduled to continue through the year 2000, will determine whether these orders will be continued or rescinded. Finally, Canadian officials assisted Canadian producers of steel, magnesium, brass, live swine and wheat gluten by offering advice and making representations on specific aspects of trade remedy investigations conducted by the United States.

## Electricity

The United States is moving rapidly toward increased competition in the electricity sector, creating new opportunities for Canadian utilities. As part of the liberalization of the wholesale sector, the U.S. Federal Energy Regulatory Commission (FERC) requires that Canadian utilities seeking maximum access to the U.S. market offer reciprocal access to their own transmission lines. The United States is also considering liberalization at the retail level and some legislative proposals include retail reciprocity requirements. Legislation may be proposed in the 106th Congress to give FERC some oversight of transmission reliability standards which are currently set by the North American Electric Reliability Council, a non-governmental utility industry association. Canada, in consultation with provincial government officials and the industry, will continue to consult with U.S. officials and monitor developments in the U.S. electricity sector to assess the conformity of these proposals with U.S. international trade obligations, as well as other commercial and economic implications.

## Industrial Alcohols

Canadian exporters of industrial alcohol to the United States must channel shipments through a U.S. distilled spirits plant (DSP), to enter the manufacturing process free of U.S. excise tax. This negatively affects the competitiveness of their product, since these DSPs are operated by U.S. competitors, or potential competitors, of Canadian producers.

Canada is preparing a proposal, for presentation to U.S. authorities on alternative arrangements to allow product to be shipped directly to U.S. industrial users.

## Mutual Recognition Agreement on Fish Inspection Systems

The United States adopted mandatory Seafood Hazard Analysis Critical Control Point (HACCP) regulations in December 1997, which apply to both domestic and imported products. The Canadian Food Inspection Agency (CFIA) and U.S. Food and Drug Administration (FDA) are working towards the establishment of an MRA on fish-inspection systems. The two sides agreed, in December 1997, to an interim arrangement whereby U.S. importers purchasing from Canadian fish and seafood facilities included on the CFIA approved plant list are deemed to have met the "affirmative steps" obligations of the HACCP regulations. This arrangement has effectively allowed the uninterrupted flow of Canadian seafood products. CFIA and FDA are continuing efforts to complete the MRA as soon as possible.

## IMPROVING ACCESS FOR TRADE IN SERVICES

### Financial Services

Canada is closely monitoring initiatives in the United States aimed at modernizing that country's financial services sector. With respect to the cross-border provision of services, Canada wishes to see a more level playing field in the securities sector. Under the NAFTA, Canada, Mexico and the United States are committed to revisiting this issue by the year 2000.

### Telecommunications

The United States has implemented its commitments through two orders of the Federal Communications Commission. Under both the *Foreign Participation Order* and the *Domestic International Satellite Consolidation Order* companies from WTO Member Countries now benefit from a rebuttable presumption that applications for the provision of international telecommunications services do not introduce concerns that would justify denial of an application on competitive grounds. The same presumption is now made in respect of applications for cable landing licences and applications to exceed the 25 percent foreign indirect ownership benchmark in a common carrier radio licence. A license may still be denied, however, if there are national security, law enforcement and foreign policy or trade concerns raised by the Executive Branch.

Canada will continue to closely monitor the implementation of the United States commitment to allow foreign suppliers to provide local, long distance and international telecommunications services, on a transparent and timely basis, in accordance with the multilaterally agreed regulatory principles.

### Shipping

Canadian concerns have increased as a result of a number of maritime laws (collectively known as the "Jones Act") that impose a variety of limits on foreign participation in the U.S. domestic maritime industry. Under these laws, the carriage of cargo or passengers between points in the United States is restricted to U.S.-built and U.S.-crewed vessels owned by U.S. citizens. Similar restrictions apply to dredging, salvage and other commercial marine activities in U.S. waters. In international shipping, there are limitations on foreign ownership of vessels eligible for documentation in the United States. In addition, several subsidies and other support measures are available to operators of U.S. vessels: for example, cargo preference laws restrict the carriage of military cargo and limit the carriage of government non-military cargo, aid cargo and certain agricultural commodities to U.S. vessels.

These and other restrictions (coupled with defence-related prohibitions of the Byrnes/Tollefson Amendment) limit Canadian participation in U.S. shipping activities.

Canada will continue to use every appropriate opportunity to encourage the liberalization of restrictive Jones Act provisions. Although there have been renewed calls for reform, the cabotage and cargo preference restrictions continue to enjoy significant support in the United States, limiting the prospect for any major change in the short term.

### **Temporary Entry**

Section 343 of the U.S. Illegal Immigration Reform and Immigrant Responsibility Act would require any alien seeking U.S. employment as a health care worker to present a certificate from a U.S. credential-issuing organization verifying the person's professional competency and proficiency in English. A waiver for health care workers seeking temporary entry remains in effect as implementing regulations are finalized for those seeking permanent residency. Canada continues to press its view to the U.S. Administration and Congress that the certification requirement, as it applies to those seeking temporary entry, would violate U.S. NAFTA obligations.

## **GOVERNMENT PROCUREMENT**

Canada will continue to press the U.S. government to further open its procurement markets to Canadian suppliers. Currently, U.S. government exceptions under NAFTA and WTO procurement agreements prevent Canadian suppliers from bidding on a broad range of government contracts in sectors of key importance. Especially onerous are the set aside programs for small and minority-owned businesses and Buy American provisions.

### **Small Business Set Asides**

The Canadian Government is concerned that in 1998 the United States once again expanded its use of legislated exceptions to NAFTA by creating two new procurement preference (or "set aside") programs to further reserve contracts for U.S. small business. The definition of a U.S. small business varies by industry, but is typically 500 employees in a manufacturing firm (up to 1,500 employees in certain sectors) or an annual revenue of up to US\$17 million for a services firm. Furthermore, U.S. federal government departments routinely meet or exceed their goal to award 23 percent of their

contract dollars to U.S. small business. In turn, the Government requires that bids from contractors and major subcontractors include plans to subcontract their work to U.S. small business. Canada is also concerned that the use of such subcontracting plans impedes Canadian access to the U.S. market, and will continue to press the Administration on this matter.

### **Buy American**

Buy American provisions are applied extensively to U.S. procurement that is not covered by the NAFTA or the WTO. Since these trade agreements only require equal treatment of Canadian offers on direct purchases by the U.S. federal government, there is no restriction on the conditions that the United States may place on funding it supplies to state and local government.

### **Department of Defense Procurement**

Under the Canada-U.S. Defence Production and Defence Development Sharing Arrangements, Canadian industry has access to this huge market for equipment and R&D. This relationship requires continuous vigilance and maintenance to prevent erosion, whether intentional or inadvertent.

### **Federally-Funded Transportation Projects (TEA-21)**

Canada continues to seek improvements to the limited access that Canadian firms currently have to the important U.S. procurement market for transportation infrastructure contracts for federally funded transit, highway and aviation projects. Almost all large transportation contracts in the United States are federally funded but administered by state and local government or private sector organizations. The *Transportation Equity Act for the 21st Century* (known popularly as TEA-21) provides funding for these projects through fiscal year 2003. This Act renewed the Buy American provisions of the *Intermodal Surface Transportation Efficiency Act* (ISTEA). The Federal Transit Administration (FTA) and Federal Highway Administration (FHWA) grant TEA-21 funds to state and local governments and transportation authorities for transportation projects on the condition that U.S. material and equipment is used. Projects funded by the Federal Transit Administration require all steel and manufactured products to be 100 percent U.S.

content and 100 percent U.S. manufactured. Rolling stock (trains, busses, ferries, trolley cars, etc.) components must be 60 percent U.S. content with final assembly occurring in the United States. Projects funded by the FHWA require all iron and steel products and their coatings to be 100 percent U.S. manufactured.

Similar conditions prevail for airports projects that receive funds from the Federal Aviation Administration as authorized by the Airport and Airways Facilities Improvement Act. Such projects require that all steel and manufactured products be of 60 percent U.S. content, and that final assembly occur in the United States. Canada will continue to press for improved access to procurement markets in these areas.

### **State and Local Government Preferences**

A wide variety of procurement preferences exist at the state and local level. In addition, many U.S. federal government Buy American provisions are included in State and local procurement when federal funding is provided. Canada remains concerned that access for Canadian suppliers is constrained and unpredictable as a result of these preferences. The need for progress in assuring access for Canadian suppliers at both the U.S. federal and state and local levels, remains a key issue for Canadian provincial governments in determining whether any offer to open Canadian provincial and local government markets could be made.

### **Legislative and Regulatory Changes**

The United States is still implementing changes made to its acquisition procedures arising from legislation passed in 1994 and 1995. Canada continues to press the United States to clarify and resolve potential inconsistencies between its NAFTA obligations and the new procedures, which appear to limit Canadian participation. These include subcontracting requirements, and simplified acquisition procedures for all procurement under \$100,000 and for commercial items to a value of US\$5 million.

## **STANDARDS-RELATED MEASURES**

At the federal level, U.S. inclination to use mandatory standards to achieve regulatory objectives (e.g., the Fastener Quality Act; recognition of Canadian laboratories by U.S. authorities for mandatory testing for substance abuse for motor carriers; mandatory labelling standards for textile products; a proposal to require country-of-origin marking in the principal display panel for frozen vegetables; a recent proposal by DOE to regulate Electricity Reliability Standards for North America; and a proposed OSHA standard on ergonomics in the work place) is of concern to Canada.

Canada continues to engage in a constructive dialogue with the United States, principally in the NAFTA Committee for Standards-related Measures, to urge that national regulatory burdens on industry be minimized while allowing industry to self-regulate in the context of an increasingly integrated North American market.

The four NAFTA sectoral Subcommittees, namely Automotive, Land Transportation, Telecommunications and Textile Labelling, also provide excellent fora for bilateral cooperation in the area of standards and regulations. The Land Transportation and Textile Labelling Subcommittees have both successfully harmonized standards to facilitate trade such as in the area of driver vehicle compliance for trucks and the care labelling of textile goods. In the Telecommunications and Automotive sectors, where standards measures have been generally complementary, further bilateral cooperation along with increased coordination of activities in international fora are being pursued by the Subcommittees.

Canadian and U.S. agencies are cooperating closely to conclude mutual recognition agreements (MRAs) on product testing and certification and on environmental management systems (EMS), as well as on the harmonization and joint development of regulations, where this can be of assistance to exporters. The Standards Council of Canada (SCC) has successfully concluded a laboratory accreditation agreement for testing of fasteners with the National Institute of Standards and Technology (NIST), which will improve access for Canadian companies when the Fastener Quality Act is implemented. The U.S.

Occupational Safety and Health Administration (OSHA) and the SCC have agreed to cooperate in the accreditation of organizations that certify products used in the work place by sharing information, participating in each other's assessments and harmonizing policies and procedures. Canadian labs have received accreditation for testing to the U.S. FHWA's substance use program for commercial vehicle drivers through an earlier accreditation process. A process for direct accreditation of Canadian labs is now being discussed between FHWA and Transport Canada (TC). The FHWA and TC are also finalizing an agreement to achieve reciprocity of medical fitness requirements for Commercial Vehicle Drivers.

At the sub-federal level, a variety of traditional jurisdictions that predate the arrival of cross-border trade often impede market access for Canadian exporters. Canada is seeking more complete implementation by the United States of its NAFTA and WTO sub-federal commitments, with a view to the upgrading or modernization of U.S. sub-federal standards measures, complementing the volume and variety of our trade in manufactured goods. Canada is also working to enhance bilateral dialogue at the provincial and state level to increase cooperative activities in the area of standards and regulations development in the areas of pressure vessels, building products and the harmonization of regulated standards for electrical safety.

Finally, Canada will continue to encourage co-operation with the United States in the development and use of voluntary consensus standards for the North American market as a substitute for national regulatory requirements. These standards initiatives will be joined by moves designed to provide appropriate conformity assessment services.

## MEXICO

### Overview

Canada-Mexico trade has increased steadily since Mexico implemented a sweeping series of economic reforms in the mid-1980s. Decades-old import barriers were abandoned, and policies of privatization have contributed to a significant restructuring of the economy. These gains have created unprecedented

demand for various goods, services and technologies, and new possibilities for investment. In 1998, the total value of two-way merchandise trade was \$8.9 billion — a 97 percent increase over 1993, the last year before the NAFTA came into effect. In 1998, Mexico had a merchandise trade surplus with Canada of \$6.3 billion. There is strong evidence to suggest that the recorded value of Canada's exports to Mexico is significantly underestimated, perhaps by as much as 100 percent as many Canadian goods are trans-shipped through the United States and may not be measured as exports to Mexico. The respective statistical agencies of the three NAFTA countries are currently working at reconciling our respective trade data.

Canadian exports have become steadily more diversified, with value-added manufactured products accounting for well over 50 percent of total Canadian exports to Mexico in 1998. Mexico is now Canada's fourteenth-largest export market and third-largest import source. Canadian accumulated FDI in Mexico was \$1 billion in 1997, making Canada the 5th biggest investor in Mexico.

The Government of Mexico is determined to maintain fiscal discipline. With world oil prices at new lows, and in an effort to replace lower-than-expected oil revenues, Mexico's most recent budget of December 1998 introduced a mixture of new revenue measures and spending cuts, including a temporary increase in tariff rates on goods from countries that do not have a free trade agreement with Mexico. The new tariff measures are expected to raise US\$500 million. In announcing the increases, which involve approximately 15 percent of Mexico's total trade, the government noted that it will respect all of its international obligations. Tariffs for intermediate and capital goods will be increased by 3 percent, while those for non-basic final consumer goods will be raised by 10 percent. It should be underlined that as a NAFTA partner, these tariff increases do not apply to Canadian goods which are NAFTA originating.

With a record 91 commercial deals worth \$230 million, the January 1998 Team Canada trade mission to Mexico was an unqualified success, further evidence of the business potential that Mexico represents for Canada, particularly for the record number of small and medium-sized enterprises (SMEs) that participated in the mission. The official opening, during the Team Canada trade mission,

of the Canadian Education Centre Mexico will help to develop the substantial opportunities that exist in Mexico for Canadian suppliers of education and training services.

To maximize trade promotion efforts, DFAIT has updated and published its *Mexico Trade Action Plan*. The document identifies ten major sectors that offer substantial opportunities in areas where demand is expected to develop over the medium term: advanced manufacturing technology and industrial machinery; IT and other advanced technology products and services; agriculture and agri-food; automotive maintenance equipment and after market parts; oil and gas equipment and services, environmental equipment and services; mining equipment and services; educational and cultural products and services; electric power equipment and services; and transportation equipment and services.

### Market-opening Results in 1998

- Implementation, on 1 August 1998, of a second round of accelerated tariff reductions covering some US\$1 billion in NAFTA trade including \$25 million in Canada-Mexico bilateral trade.
- Conclusion of a new agreement which allows for the resumption of Canadian seed potato exports to Mexico.
- Elimination of Mexico's phytosanitary permit requirements which had caused delays for imports of Canadian grains.
- New opportunities for air services between the two countries were created as a result of an agreement on code-sharing.

### Canada's Market Access Priorities for 1999

- ensure that Mexico honours its NAFTA trucking obligations and processes a Canadian application to operate a cross-border trucking service into Mexico;
- make further progress on the harmonization and simplification of customs procedures and pursue facilitation of cross-border movement of goods;
- work towards harmonization of SPS rules;
- continue discussions to ensure smooth operation and improvements on the agreement on seed potatoes;

- closely monitor Mexico's implementation of its WTO commitments under the WTO Agreement on Basic Telecommunications;
- encourage Mexico to put in place telecommunications equipment and conformity assessment standards that conform to NAFTA requirements, and to clarify telecommunications service licensing provisions;
- make further progress towards modernizing the current bilateral Air Transport Agreement (concluded in 1961) to liberalize arrangements both for scheduled services and the regulatory regime governing charter flights;
- continue ongoing initiatives to reconcile trade data;
- resolve access problems for fresh apples;
- urge Mexico to finalize its list of services excluded from the NAFTA government procurement chapter; and
- further develop and implement an industry-based dispute-settlement mechanism for private commercial disputes involving agricultural goods, particularly perishable products.

Canadian access to the Mexican market continues to improve and consolidate under the terms of the NAFTA. Prior to the NAFTA, more than 80 percent of Mexican exports to Canada entered duty-free, while most Canadian exports to Mexico faced MFN tariff rates of between 10 percent and 20 percent. Also, Canadian firms have been able to expand sales in sectors that were previously highly restricted, such as the automotive, financial services and energy sectors. The elimination of Mexican import licensing requirements and the phasing out of almost all tariffs is helping to provide barrier-free access to a market of over 90 million. Canada will continue to address bilateral trade irritants in the various NAFTA working groups and committees to ensure access for Canadian exporters, service providers and investors.

### IMPROVING ACCESS FOR TRADE IN GOODS

#### Trade Remedies

In 1997, the Canadian steel industry appealed two final anti-dumping determinations by Mexico's Ministry of Trade and Industrial Development

(SECOFI) against imports of Canadian steel under NAFTA Chapter Nineteen dispute resolution provisions. In August of that year, as a result of the first NAFTA panel decision, anti-dumping duties were terminated on hot-rolled sheet from Canada.

With respect to the second case, further to two remands by the panel established to examine SECOFI's anti-dumping duty determination on steel plate, anti-dumping duties were modified. The Canadian complainants in the case eventually withdrew from the proceedings and the SECOFI modifications went unchallenged.

Trade remedies continue to be a Canadian priority with respect to both the United States and Mexico. Canada will continue to pursue their elimination in the context of the NAFTA Trade Commission.

### **NAFTA Accelerated Tariff Elimination**

Most tariffs between Canada and Mexico are already free and virtually all remaining tariffs will be eliminated by 2003. The NAFTA provides for the accelerated elimination of tariffs where countries agree. In this industry-driven process, tariffs are eliminated based on support in the industry sector concerned in both countries. The first round involved elimination of tariffs on July 1, 1997 on a number of products, including spandex monofilaments, tahini and wooden venetian blinds. In the second round, implemented on August 1, 1998, both Canada and Mexico eliminated tariffs on certain yarns, textile fabrics, chemical products, caulking compounds, certain watches and other specified products, covering approximately \$25 million in Canada-Mexico bilateral trade. Canada will continue to review requests for accelerated tariff elimination in response to private-sector interests, to further improve Canadian access to the Mexican market.

## **AGRICULTURAL PRODUCTS**

### **Seed Potatoes**

In October 1998, CFIA and Mexican officials concluded an agreement that enables Canadian seed potato exports to Mexico and sales of Mexican minitubers to Canada. The agreement also has provisions for the development of access for Mexican table potatoes to Canada. In 1999, Canada will continue to press Mexico to ensure the smooth operation and improvement of the agreement.

### **Phytosanitary Authorization**

At the November 1997 meeting of the NAFTA Committee on Agricultural Trade, Canada raised concerns about Mexico's "phytosanitary authorization" permits which were required for most grain imports; issuance of these certificates were often delayed as long as four to six weeks. Mexico responded that these permits were necessary for grains because phytosanitary regulations had not yet been published. Canada requested that Mexico replace the permit system with published phytosanitary import regulations for all grains. In October 1998, Mexico published its new import regulations eliminating phytosanitary authorization permits for those grains and seeds, for purposes other than planting, which Canada has historically exported. As necessary, Canada will ask Mexico to add to the regulations those newly exported grains and seeds not currently included. In general, the new regulations improve the terms of access for Canadian grains. In 1999, Canada will raise the few remaining technical issues in the North American Plant Protection Organization.

### **Apples**

According to Mexican law, the importation of apples is subject to importer registration. However, the Mexican Ministry of Finance (Hacienda) has refused to issue permits required for the importation of fresh Canadian apples. While no "official" reason has been given, it appears that the refusal to issue the permit is connected to the price of Canadian apples being below a reference price that is supposed to apply only to U.S. apples. Due to the perishability of the goods, Canada is intent on reaching a quick resolution and has initiated discussions with Mexican officials.

## **IMPROVING ACCESS FOR TRADE IN SERVICES**

### **Trucking**

Mexico's NAFTA commitments on trucking services and investment were to have come into effect in December 1995. However, Mexico has delayed implementation in response to the fact that the United States did not liberalize its trucking measures because of various concerns, including Mexican

truck safety standards. Although this is primarily a Mexico-U.S. dispute, an indirect result is that at least one Canadian trucking company has been prevented from operating in Mexico. The Canadian Government is pressing Mexico to fulfill its NAFTA trucking obligations to Canada and has joined a NAFTA Chapter Twenty panel as an interested third party.

More generally, substantial progress has been made in harmonizing technical standards for motor carriers under NAFTA Chapter Nine. Canadian transport officials will continue this work with their U.S. and Mexican counterparts, in anticipation of the eventual opening of the U.S.-Mexico border to trucking services.

### Telecommunications

A number of Canadian telecommunications companies are doing business in Mexico. With the conclusion of the ABT at the WTO, access for the supply of services to Mexico has increased, offering more opportunities to Canadian businesses. Canada will closely monitor Mexico's implementation of its WTO commitments. In addition, Canada will continue to press Mexico to put in place terminal attachment standards that conform to the NAFTA requirements, and to implement conformity-assessment procedures that would allow the acceptance of Canadian test data, as required under Articles 908 and 1304 of the NAFTA. Mexico has made encouraging commitments on both these fronts within the NAFTA Telecommunications Standards Subcommittee. There continues to be a problem, however, with licensing provisions associated with the different types of telecom service operators, due to the insufficient establishment of regulatory guidelines and licensing requirements. In 1999, Canada will continue to encourage Mexico to develop these to allow Canadian companies to take full advantage of the opportunities available in providing telecom services in Mexico.

During the January 1998 Team Canada mission to Mexico, Canada and Mexico renewed their co-operation in the field of telecommunications with the signing of an MOU in the Field of Telecommunications between Industry Canada and Mexico's Secretariat of Telecommunications and Transportation. Both countries have facilitated

rapid growth in this industry by sharing innovative technologies and by collaborating in the development of telecommunications policy and regulations, and wish to pursue co-operation in this dynamic and increasingly important area.

### Financial Services

Mexico significantly liberalized its financial services sector under the NAFTA, prompting the Canadian financial services industry to increase its participation in the Mexican market. In conformity with the Agreement, Mexico is gradually removing its market share limitations, most of which will be completely removed by year 2000. Canada is following legislative developments relating to a financial reform package that could have a significant impact on foreign investors' access to the Mexican financial market. Two areas in which Canada is seeking further change relate to (1) access to the Mexican securities sector and (2) the cross-border provision of insurance services.

In the securities sector, while Mexico has no current plans to allow limited scope securities firms, this may be considered in the medium term. Canada will continue encouraging Mexico to establish new categories of securities firms. In the context of a new Mexican pension regime, Canada will also continue encouraging Mexico to open its pension fund market to foreign securities firms. On the insurance side, Canada will be working towards facilitating the provision of seamless insurance transactions for motor carriers involved in cross-border trade between Canada, the United States and Mexico.

### Air Services

Canada-Mexico air negotiations took place in October 1998 and February 1999 to develop a modernized Air Services Agreement. The negotiations resulted in the conclusion of a Memorandum of Understanding which provides immediate commercial benefits for both sides to better exploit this well established air travel market. New opportunities and operational flexibility are now available for both scheduled and charter air service providers.

## GOVERNMENT PROCUREMENT

The implementation of the NAFTA has brought improvements to the transparency and openness of the Mexican procurement process. There are, nonetheless, outstanding Mexican implementation issues, in addition to ongoing access concerns, which the Canadian Government is addressing.

### Mexican Services Exclusions List

Under NAFTA Chapter Ten, Mexico is required to complete its list of services excluded from the NAFTA Government procurement chapter by July 1995. Although progress has been made this year, Mexico has still not finalized its list. Until it does so, Canadian interests in the Mexican market are hindered by the lack of transparency in the Mexican services coverage. The Canadian Government will continue to press Mexico to finalize its list.

### PEMEX and CFE Set-Asides

Mexico negotiated set-asides from full NAFTA procurement coverage for the state oil (PEMEX) and electricity (CFE) firms for a transitional period (1994-2002). Canada will continue to monitor Mexico's application of this set-aside.

### Bid Notification Periods

Chapter Ten obligates the NAFTA parties to publish procurement tenders in a transparent way, so that qualified suppliers from the NAFTA countries have sufficient time to submit bids. A study commissioned by the Canadian Government in 1997 and further work this year has raised concerns about Mexico's compliance with the notification obligations. Canada continues to press Mexico for a response to our concerns.

## INVESTMENT

Canadian direct investment in Mexico has increased from \$245 million in 1990 to \$1 billion in 1997. This can be attributed in large measure to the NAFTA, which through its Chapter Eleven investment provisions has provided enhanced security for Canadian investors.

Other than limitations or exclusions in certain clearly defined sectors (of particular importance to Canada is investment in upstream oil and gas activities), Mexico does not restrict foreign investment in its economy. In addition, the Mexican government's ambitious privatization and infrastructure upgrading program is creating new opportunities for Canadian businesses in sectors such as electrical generation, transportation (airports, railways, and ports), and natural gas transportation (pipelines) and distribution.

In September 1998, Mexico published an update to the Foreign Investment Regulations, with a view to simplifying administrative procedures, as well as to providing greater juridical security, certainty and transparency.

## FREE TRADE AREA OF THE AMERICAS

The Free Trade Area of the Americas (FTAA) negotiations represent an historic opportunity to unite the countries of this hemisphere in a comprehensive free trade area that will promote regional prosperity and generate enhanced commercial opportunities for all of our economies.

The decision to create an FTAA was made by leaders of the 34 democratic countries of the hemisphere when they met in Miami for the first Summit of the Americas in December 1994. In their "Declaration of Principles", leaders resolved to conclude the FTAA negotiations no later than 2005 and to make concrete progress toward achieving that goal by the end of the century.

In 1998, FTAA Results and Milestones were as follows:

- In March 1998, Trade Ministers of the 34 participating countries issue a Joint Declaration outlining key objectives and principles for an FTAA.
- Nine negotiating groups and three consultative bodies created.
- Canada selected to chair the FTAA negotiations through the first 18 months. In this capacity, Canada chairs the Trade Negotiations Committee (TNC) of Chief Negotiators.
- In April 1998, FTAA negotiations officially launched by leaders.

- In June 1998, TNC establishes work programmes for the nine negotiating groups and three consultative bodies.
- In September and October 1998, the nine negotiating groups and three consultative bodies hold first meetings to organize their work.
- In December 1998, TNC reviews the work of the negotiating groups and consultative groups and makes progress on business facilitation.
- Selection of a Canadian to serve as Director of the FTAA Administrative Secretariat in Miami.

In 1999, Canada will:

- get detailed negotiations off to a strong start in all subject areas;
- advance business facilitation agenda, focusing initial work on streamlining of customs procedures;
- develop a collective process of consultation with civil society in the Americas;
- put institutional foundations in place including making the FTAA Administrative Secretariat in Miami operational; and
- move the FTAA forward at the Trade Ministers Meeting to be hosted by Canada in Toronto, November 1999.

The FTAA negotiations were officially launched by Prime Minister Chrétien and other hemispheric leaders in April 1998 based on the objectives, principles, structures, venues and other decisions set forth in the Joint Declaration issued by Trade Ministers in San José, Costa Rica, in March 1998. Key objectives and principles guiding the negotiations are that the FTAA will maximize market openness through a balanced and comprehensive agreement; that it will be consistent with the rules and disciplines of the WTO; and that countries are to accept the agreement as a single undertaking. Acceptance of the agreement as a "single undertaking" means that countries cannot "pick-and-choose" among the various chapters or provisions of the agreement but must accept it on an "all-or-nothing" basis.

Also at the San José meeting, Trade Ministers recognized the leadership role that the Canadian Government played in launching the FTAA negotiations by selecting Canada to chair the negotiations until October 1999. In this capacity, Canada chairs

the Trade Negotiations Committee (TNC) of Chief Negotiators. Canada will also host the next meeting of Trade Ministers, slated for November 1999 in Toronto.

The first TNC meeting was held in Buenos Aires in June 1998. It established the work programmes for the nine negotiating groups and three special bodies focussing on horizontal issues.

#### *The Nine FTAA Negotiating Groups*

- Market Access
- Agriculture
- Investment
- Services
- Government Procurement
- Intellectual Property Rights
- Subsidies, Anti-dumping & Countervailing Duties
- Competition Policy
- Dispute Settlement

#### *The Three Special Bodies*

- Subsidies, Anti-dumping & Countervailing
- Committee of Government Representatives on the Participation of Civil Society
- Consultative Group on Smaller Economies
- Joint Government-Private

All twelve groups held their first meetings last September or October in Miami. The results of the initial meetings were then reviewed by the TNC at its December 1998 meeting in Suriname. The TNC also made progress on a range of other issues in Suriname. Of particular importance was agreement by the TNC on a process for advancing the business facilitation agenda in the run-up to the Ministerial Meeting to be held in November, and to focus initial work on customs procedures. Canada as Chair is spearheading an exchange of documentation and will reconvene the TNC in Miami in the spring of 1999 to focus on the business facilitation issue. Given the absence of U.S. fast track negotiating authority, progress on business facilitation will be crucial to achieving the concrete progress by 2000 mandated by hemispheric leaders and Trade Ministers. It will therefore be a key issue at the Ministerial Meeting.

An important challenge remains the development of a collective process of consultation with civil society in the Americas in the absence of consensus on how or the extent to which such consultations should occur. The Committee of Government Representatives on the Participation of Civil Society is a Canadian initiative and a Canadian senior official serves as the acting Chair of the Committee. As a result of a meeting of the Committee in October 1998, an open invitation was extended to civil society to provide written submissions by March 31, 1999, on trade-related matters as outlined in the San José Ministerial Declaration. The Committee will meet again in May to consider the written input received.

Canada will continue to seek a larger and more interactive role for the Committee, which should include hearing from civil society representatives directly and holding a meaningful dialogue with them. While there is still no consensus on expanding the mandate, Chief Negotiators have agreed to keep the matter under discussion. Within Canada, the Government has initiated comprehensive consultations with the Canadian private sector, including civil society, to develop and refine its objectives in the FTAA negotiations and in respect of the broader trade policy agenda.

In the short term, Canada's challenge is to ensure implementation of the work programme across the nine Negotiating Groups and the three consultative bodies. Our aim is to put in place a solid foundation for the FTAA so we can achieve concrete progress by 2000 and complete our work by 2005. As Chair, Canada must also ensure that the Administrative Secretariat in Miami, where the negotiations are taking place for the first three years, is made fully operational. The TNC has selected a Canadian, Michael Eastman, as Director of the Secretariat effective January 1999. His appointment should ensure effective administrative support for successive rounds of the negotiations.

## MERCOSUR

### Overview

The Southern Cone Common Market (Mercosur), the customs union comprising Argentina, Brazil, Paraguay and Uruguay, is Canada's largest export market in Latin America. In 1998, Canada's goods

exports to Mercosur totalled \$1.56 billion and total imports were \$1.70 billion. Canada's main exports to Mercosur are paper products, potash, wheat, telecommunications equipment, aircraft parts, petroleum products, machinery, malt, minerals, plastics, rolling stock and pharmaceuticals. Investments are concentrated in the aluminium, oil and gas, mining, power, telecommunications and spirits sectors.

Mercosur was officially created in 1991 through the Treaty of Asunción. When fully implemented in 2006, Mercosur will provide for the free circulation of goods and services, capital and labour, a common external tariff (CET), and harmonized macroeconomic and sectoral policies. Partially harmonized CETs were implemented in 1995 and already about 90 percent of all internal trade is duty-free. The exceptions to the CET, such as the automotive sector in Argentina and Brazil, and hundreds of individual tariff lines for each country, are to be eliminated by 2006. Important areas such as sugar remain exempted. On services, the Mercosur Trade Ministers approved a framework in mid-December 1997, and detailed negotiations are ongoing.

Since its inception, Mercosur has negotiated and entered into free trade agreements with Chile and Bolivia. Free trade talks are under way with the Andean Pact, which comprises Bolivia, Colombia, Ecuador, Peru and Venezuela, and a limited preferential trading arrangement is being negotiated with Mexico. Mercosur has also reached a framework agreement with the EU, which is the first step toward full-fledged free trade negotiations that may begin in 1999.

## Trade and Investment Co-operation Arrangement (TICA)

In the coming year, Canada will endeavour, with the collaboration of Mercosur members, to implement the TICA signed in June 1998. This arrangement lays the foundation for enhanced bilateral trade and investment. It establishes a framework for Canada and Mercosur to collaborate on FTAA, WTO and Cairns Group work programs. Once fully implemented, it will create an advisory committee of business representatives and foster private-sector dialogue to facilitate trade and investment in both directions. The TICA provides for regular consultations which is expected to result in a joint assessment of barriers

to trade and investment. Also envisaged is collaboration on customs matters, conformity-assessment procedures in specific sectors, and development of co-operative arrangements in the areas of labour and the environment.

Canada will continue to encourage Mercosur member countries to adhere to the Information Technology Agreement (ITA). Mercosur represents a major export market for Canadian manufacturers of information technology (IT) and communication equipment.

## ARGENTINA

### Pork

On September 30, 1997, CFIA officials and their Argentine counterparts reached agreement on a one-year pilot project allowing for the export of fresh, chilled and frozen pork from Canada to Argentina, and the export of fresh, chilled and frozen beef from Argentina to Canada. Technical requirements in both countries had previously prevented trade in these products. The pilot project relates only to technical measures. Imports from Argentina are subject to Canada's beef tariff rate quota. Following the resolution of a few remaining technical problems, Canadian pork producers were able to start shipping in early 1998 and ended the year with \$90 million dollars in exports to Argentina. The pilot project has been extended twice, most recently until July 1, 1999, pending further technical bilateral discussions aimed at reaching agreement on a permanent arrangement. These discussions are continuing.

### Investment

Technical discussions on upgrading the existing FIPA between Canada and Argentina were initiated in January 1998. Canada's objective is to improve the existing agreement to provide additional stability and transparency to an already positive bilateral investment relationship. Canadian direct investment, estimated to reach US\$2 billion by the year 2000, remains the basis of Canada's commercial relationship with Argentina. Canada ranks as the third most important foreign investor in Argentina and is expected to stay in the top five until at least the year 2000. The main focus of this investment has been the oil and gas, mining and energy sectors.

## BRAZIL

In January 1999, the Brazilian government decided to allow the exchange rate for the Real to float on global currency markets. As the Brazilian government seeks to adjust its fiscal and monetary policies, there will likely be increased volatility in the Real's exchange rate to the U.S. and Canadian dollars. This anticipated volatility in the value of the Real may have some short term impact on the competitiveness of Canadian exports in the Brazilian market. With time, it is expected that the Brazilian government will complete these policy adjustments and that the economic situation will stabilize. Foreign Affairs and International Trade will maintain "business as usual", in that we will monitor market access conditions to ensure that Canadian exporters are made aware of any new import policies of the Government of Brazil and that such policies remain consistent with Brazil's international trade obligations.

## PROEX

PROEX, a Brazilian export subsidy, reduces financing costs for Brazilian exports under its "interest equalization" component. While PROEX applies to a wide range of exports of Brazilian goods and services, Canada is particularly concerned about its application in the aircraft sector and has requested a WTO dispute settlement panel to examine the matter. Brazil has, in return, challenged various Canadian programs that support the Canadian aerospace, as well as other, industries. The WTO is examining the two challenges under separate Panels, both of which are expected to provide their decisions in mid-March 1999.

### Increasing Protection for Canadian Investment

Brazil has long been the recipient of more Canadian investment than most other South American countries combined, and recent constitutional changes have further opened the country to foreign investment in key areas of interest to Canada such as telecommunications, mining and energy. Brazil is also currently undergoing an extensive privatization program.

Canadian direct investment in Brazil is now valued at nearly \$4.0 billion, and it continues to grow at a high rate.

Due to the significant levels and long history of Canadian investment in Brazil, it is regarded as one of Canada's highest-priority countries for concluding a FIPA. Negotiations were initiated in June 1998 and will continue throughout 1999.

### **Import Credit Restrictions**

In 1997, Brazil introduced provisional measures requiring Brazilian importers to finance their purchases through domestic rather than foreign banks, thereby voiding the competitive disadvantage imposed on local producers by the high-interest rate policies of the Brazilian government. More specifically, the restrictions require that foreign exchange for imports that are financed up to 179 days must be purchased immediately upon clearing the goods through Brazilian customs, i.e., the 180-day credit is eliminated. For goods financed between 180 and 360 days, foreign exchange must be purchased six months before the loan matures. In other words, importers either pay cash on sight for imports, or secure greater than 360-day financing terms from the exporter. The provisional measures do not apply to shipments valued under US\$10,000 or to petroleum products. The Brazilian Central Bank has exempted from these measures its Mercosur partners, as well as Chile, Bolivia and signatories to the Latin American Integration Association. These regulations are being addressed under the auspices of the WTO, and Canada is monitoring developments to verify whether the Brazilian measure is consistent with its WTO obligations.

### **Customs Valuation**

In late January 1999, the Brazilian government announced a change to the official exchange rate used for customs valuation from a monthly adjustment to a daily adjustment. This forced a 40 percent devaluation on the value of the Real for customs purposes from one day to the next. Such a move could reasonably be expected to cause importers to cancel or attempt to cancel orders for goods that have not yet been shipped. Many goods already in-transit or already in Brazil, but not yet cleared customs may be charged duties and taxes at a rate

40 percent higher than importers had expected. At press time, Foreign Affairs and International Trade was seeking more information on the change and assessing the impact on Canadian exports.

### **Meat Certificate Validation Requirements**

Canadian meat exporters remain concerned over Brazil's requirement for the validation of inspection certificates for meat products by the Brazilian embassy or consulates prior to export. This creates additional delays and costs for Canadian exporters. Canada's position is that the requirement is contrary to common international practice and unnecessarily trade-restrictive. Canada has continued to make representations requesting removal of the requirement. Brazilian authorities inform us that a change in legislation that will remove this requirement is expected in the coming months.

### **Mutual Recognition of Poultry Inspection Systems**

Canadian exporters have expressed an interest in exporting processed food containing chicken to Brazil. Brazil does not currently allow the importation of Canadian poultry meat on the grounds that Brazil has not yet reviewed and recognized Canada's meat inspection system for poultry or approved Canadian establishments. Canada and Brazil are now working on a mutual review of the poultry meat inspection systems. At the first meeting of technical officials in August 1998, Brazil and Canada agreed upon the approach for the review. Canada will continue to pursue the issue in 1999.

### **Memorandum of Understanding on Agricultural Cooperation**

The Canada-Brazil MOU on Agricultural Cooperation was signed in January 1998. It envisions a range of cooperation activities in 12 major agri-food commodity areas to be monitored and promoted by the Canada-Brazil Working Group on Agricultural Cooperation. The Working Group facilitates the exchange of information and bilateral consultation and it seeks to contribute to the expansion of agricultural relations between the two countries. Agriculture Ministers agreed in September 1998 that the two countries should bring the MOU into full operation.

### ***Commodity Areas Covered by MOU on Agricultural Cooperation***

Poultry and poultry containing products

Beef products

Pork products

Sugar

Malt

Grains

Potatoes

Live animals, embryos and semen

Pulse crops

Oilseeds and products

Fruit and vegetables

Fish and sea products

### **Brazilian Tariff on Wheat**

In 1996, Brazil notified WTO Members that it intended to begin applying a duty, currently set at 13 percent, to importations of wheat that had previously been duty free. As Canada is a major supplier of wheat to Brazil, we exercised our right to request compensation for the raised tariff. Since then, Canada and Brazil have held a series of consultations, but have not to date been able to agree on a settlement. It is hoped that a resolution will be achieved through a related initiative under the new Canada-Brazil MOU on Agricultural Cooperation.

## **CHILE**

### **Overview**

Now in its second year, the Canada-Chile Free Trade Agreement (CCFTA) and its two parallel agreements on environmental and labour cooperation entered into force on July 5, 1997. On that date, tariffs were eliminated on the majority of products that make up Canada-Chile bilateral trade. For products on which tariffs are being gradually eliminated over the next few years, the third round of cuts was made on January 1, 1999. Tariffs on most other industrial and resource-based goods will be phased out by 2003.

The implementation of the CCFTA heralds a new era in bilateral co-operation with Chile, which

has already expanded significantly in recent years.

The total value of two-way trade in goods has more than doubled over the past five years, reaching \$672 million in 1998. Canada's exports of goods totalled \$313 million and imports reached \$359 million in 1998. Canada has become the second-largest foreign investor in Chile, with current and planned investments approaching \$11 billion. While it is yet too early to assess the impact of the CCFTA on the bilateral trade and on investment, clearly the longer term trends have been very encouraging.

The signature by Canada and Chile on January 21, 1998 of the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (DTA), the first of Chile's new generation of tax treaties, meets one of the key commitments contained in the CCFTA. This Convention will facilitate the growth in trade and investment between Canada and Chile by establishing a more stable taxation framework for individuals and companies doing business in each other's country. The necessary steps have been completed in Canada for the DTA to enter into force as soon as the Chilean government advises that it has completed its domestic approval process. The provisions of the DTA will apply as of January 1st of the year following the entry into force. This is expected to be January 1, 2000.

As well, a comprehensive work program, comprising eight committees and working groups, has been launched to carry out the implementation of the major elements of the CCFTA. For example, through the Committee on Trade in Goods and Rules of Origin, in April 1998, Chile clarified certain customs documentation requirements that apply where Canadian goods are transhipped through intermediary countries. In June 1998, Chile removed several products from its so-called "Simplified Duty Drawback" program, which is in reality an export subsidy. Canada responded by eliminating the import tariff on the corresponding products in October 1998. The Committee will continue to pursue any proposals to accelerate tariff reductions on products of interest to industries in the two countries. There have been no formal CCFTA disputes to date and none currently on the horizon.

Progress has also been made in fulfilling the CCFTA first and second year obligations in such areas as completing the public documentation on temporary

entry procedures and agreeing on procedures for the reciprocal exchange of test data in the telecommunication sector.

When Canada was negotiating the CCFTA in 1996, it was anticipated that the Chilean government might later make unilateral cuts to its MFN tariffs. Canada therefore sought and achieved guaranteed minimum margins of preference for certain goods that would be subject to a phased-out CCFTA duty rate. In October 1998, the Chilean government followed through on its plan by announcing that it will reduce its uniform MFN tariffs from 11 percent by 1 percent point per year beginning on January 1, 1999 until they reach 6 percent in January 2003. As this is a more gradual plan than had been earlier proposed, with two exceptions (bread mixes and cereal preparations) the guaranteed minimum margins of preference will not be encroached upon. In the case of bread mixes and cereal preparations, Canada will seek to ensure that Chile honours its obligations by adjusting downwards the special rate for Canada.

There have also been recent changes to Chile's capital control regulation which may facilitate trade and investment for Canadian companies.

In September 1998, the Chilean Central Bank announced changes to Chile's capital control regulations which should facilitate trade and investment for Canadian companies. The encaje, a mechanism requiring foreign investors to keep up to 40 percent of their investment on deposit at the Central Bank, has been temporarily eliminated. At least for the time being, Canadian companies will find their investment in Chile to be less costly.

## **Canada's Market Access Priorities for 1999**

- encourage Chile to complete the domestic process necessary to bring the Convention on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion (DTA) into effect; and
- Canada is consulting with stakeholders to assess our interests in preparation for bilateral financial services negotiations. The CCFTA provides for such negotiations to begin in 1999.

## **OTHER ISSUE**

### **Taxes on Alcoholic Beverages**

The European Union, United States, Canada and Peru contend that Chile maintains a tax regime which discriminates against imported alcoholic beverages. Canada is therefore participating in WTO dispute settlement proceedings to resolve the matter. The WTO panel's ruling is expected at the end of April 1999.



## 5. *Opening Doors to Europe*

### EUROPEAN UNION

#### Overview

The European Union (EU) is the world's largest single market, having surpassed the United States in both GDP and population. As a group, the EU Member States continue to rank as Canada's second most important trading partner after the United States. Two way trade in goods and services surpassed \$59 billion in 1998. Canada's merchandise exports to the EU amounted to \$17.84 billion, while imports totalled \$25.42 billion. Canadian services exports to the EU amounted to \$7.1 billion in 1998, and services imports reached \$9.2 billion. The EU is also the second-largest source and destination of FDI for Canada. In 1997, cumulative FDI from the EU amounted to \$42.8, while Canadian FDI in the EU grew to more than \$43.7 billion.

Major developments in the EU with implications for Canada include economic and monetary union (EMU), negotiations on enlargement and new regional trade agreements, and Agenda 2000.

EMU is now in the final stage with the introduction of the new currency, the Euro, having taken place on January 1, 1999 (although Euro notes and coins will begin circulating only in 2002). Together with the private sector, Canadian Government departments are helping to ensure that Canadian business is prepared for the changes to come.

Regarding enlargement of the EU, negotiations have been launched on the entry of Poland, Hungary, the Czech Republic, Slovenia, Estonia and Cyprus. Formal accession is expected to take some time. The EU is also negotiating regional free trade agreements with Mexico and South Africa, and plans to do so with the Mercosur countries. Canada will be assessing the impact of these new arrangements on its existing trade commitments with these countries and on the competitiveness of Canadian suppliers and firms in an expanded EU. Regarding Agenda 2000, the Government is monitoring plans for reform of the Common Agriculture Policy and its implications for Canadian exports to the EU and third countries.

Canada-EU trade relations are managed under the WTO agreements as well as the bilateral 1976 Framework Agreement for Commercial and

Economic Cooperation, which established a structure of consultative committees. The 1996 *Canada-EU Action Plan* sets out guidelines for the substance of the relationship, specifically a range of common undertakings in multilateral fora and on a bilateral basis. These include the conclusion of four bilateral agreements (Customs Cooperation, Veterinary Equivalency, Mutual Recognition of Standards Conformity Assessment practices and Competition Law), statistical co-operation, standards and regulatory issues, business to business contacts and common endeavours in the WTO in areas such as trade and investment, competition, accessions, and services.

Implementation of the Action Plan is progressing steadily. New bilateral agreements have been concluded (see next section). On December 17, 1998, Canada and the EU agreed to pursue the European Canada Trade Initiative (ECTI). Included in ECTI, the two sides have made a good start on further development of business-to-business contacts, including a business-to-business dialogue, particularly in the small and medium-sized enterprise sector. Canada's longstanding active role in the advocacy of transatlantic trade has resulted in comprehensive consultations on the multilateral trade agenda, and the exploration of the scope for development of new bilateral initiatives focused particularly on the areas of standards and regulatory co-operation. As well, Statistics Canada and Eurostat are continuing work on a project that will help to remove discrepancies between Canadian and European trade data.

### Market-opening Results in 1998

- Signature and implementation of the Canada-EU MRA on conformity assessment for regulated products in May 1998 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Signature in December 1998 of an agreement on veterinary equivalency (health requirements applicable to trade in animals, fish and animal/fish products) will provide a mechanism for the mutual recognition of equivalency of Canadian and EU inspection and certification requirements.
- Signature in December 1998 of an amendment to the Canada-EU Agreement on Cooperation in Science and Technology, to extend coverage of the agreement from a positive list of nine sectors to all sectors including biotechnology.
- Signature in December 1998 of an agreement to permit co-operative research by Canadian and European consortia in the field of peaceful use of nuclear energy.
- Completion of negotiations on an agreement permitting information exchange and co-operation by Canadian and EU authorities in the area of competition policy and law.
- In November 1998, the EU modified its grain import regime, to allow for a reduced duty on lower grades of Canadian durum wheat.
- On January 1, 1999, the EU over-quota tariff on newsprint was reduced from 3.5 percent to 2.5 percent.

### Canada's Market Access Priorities for 1999

Canadian exporters to the EU will benefit from improved access provided by the ongoing implementation of the WTO agreements and the bilateral agreements noted above, which go beyond the WTO. However, there remains a range of barriers to trade in the EU of concern to Canada, particularly in the agriculture and natural resource sectors and pharmaceuticals. The priority issues are outlined below, including access for cereals, approval of genetically modified canola, restrictions on export of tallow, eco-labelling, wine-making standards and appellations, tariffs on fish, shrimp, seafood and aluminum, access for chrysotile asbestos, untreated softwood lumber, and beef produced with growth promoting hormones.

The EU maintains measures that distort global trade in motor vehicles. The WTO Agreement on Safeguards requires such measures to be fully eliminated by December 31, 1999. Canada will be monitoring developments to ensure that 1) the distortive measures are eliminated on schedule and 2) that no new schemes are devised to continue the distortion of automotive trade.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Common Agricultural Policy

Protection for agricultural producers under the EU's Common Agricultural Policy (CAP) continued to be a key concern for Canada during 1998, since the CAP both restricts access to the EU market for Canadian agricultural products and distorts third-country markets through EU subsidization of the production and export of several agrifood products including grains. The proposed changes under the CAP are a step towards reducing some of the market distortions caused by EU policies of producer protection. However, more should be done, particularly to reduce the need for subsidies and to decouple farm support from production decisions.

### Subsidies on Agricultural Products

EU subsidization of agricultural exports for oats, barley and malt, and their continued use of production subsidies for dehydrated alfalfa, remains a major concern to Canada. In addition, Canada considers that the use of export subsidies by the EU has the potential to trigger a trade subsidy war with the U.S. Canada has made representations to both the United States and the European Union on this issue.

In the dehydrated alfalfa industry, EU subsidies have significantly increased the production of alfalfa in the European Union. The result has been the sale of excess production to third country markets at very low prices which has had a significant market destabilizing effect. Canada has requested the EU to review the current regime and to include the use of alfalfa production subsidies under the auspices of CAP reform.

The sale of EU oats to the United States with the use of high export subsidies also severely impacts on prices received by Canadian producers. Canada has encouraged the EU to restrain the use of export subsidies on oats and eventually eliminate them. Canada will be pursuing this issue with both the United States and EU to limit exports of subsidized oats into Canadian markets.

With regards to barley and malt, Canada has expressed its disappointment with the high level of export subsidy set by the EU for these products and with the manner in which the subsidy levels

are determined. Canada intends to continue discussions with the EU in mid-1999 on the rationale and methodology for malt subsidization with a view to reducing its impact on Canadian markets.

### Cereals Import Regime

Canada maintains that the EU's grain-import regime is inconsistent with the EU's WTO commitments, which set out that no duty is to be applied when the import price exceeds the EU intervention price plus 55 percent. Rather than determining the duties payable on cereals on a "transaction value" basis, the EU devised a system of reference prices based on U.S. commodity market quotations. These U.S. quotations do not account for the premium price that Canada traditionally received in the EU market.

One of the major access concerns for Canadian wheat exports to the EU was resolved in November 1998 when the European Union implemented a second reference price level for "medium" quality durum wheat, thereby reducing applied duty. This change in EU import regulations will not end with the crop year which was a shortcoming of previous derogations. It provides market access which is equivalent to the access that would be available under a WTO-compatible EU grain import regime. The improved market access under this provision will be monitored and commercial experience will guide Canada's future position with respect to the EU grain import regime.

### Wine

Access for Canadian wines to the EU is conditional on the conclusion of a bilateral agreement. The EU requires that exports of wine in excess of 1,000 hectolitres per year be subject to certification of conformity with EU oenological practices. It also seeks an end to the use by foreign wineries of European origin wine names (geographic appellations). Important Canadian products such as ice wine are subject to product-specific derogations.

Canada has begun discussions with the European Commission on a framework for negotiating improved access to the EU market for Canadian wines. Canada will seek to ensure that Canadian wines can be exported to the EU during the negotiating period.

Canada is seeking to have "Canadian Whisky" appellation protected under EU regulation.

## **Fish**

Canadian exporters of fish, shrimp and seafood products continue to be disadvantaged by high EU tariffs. The EU groundfish tariffs on many items of interest to Canada fall within the range of 12 to 23 percent. Coldwater-shrimp exports are faced with tariff rates of 12 to 20 percent depending on product form. Due mainly to these barriers, Canadian fish and seafood exports to the European Union continued their decade-long decline with a further drop from \$304 million in 1996 to \$290 million in 1997. It will continue to be a priority for the Canadian Government to seek improved access to the European Union for Canadian fisheries exports, particularly coldwater shrimp. The Government is actively supporting the efforts of the Canadian shrimp industry to build a consensus in the EU-based food industry to advocate with the Commission and Member States an enlarged autonomous duty free quota for processed shrimp. Canada will seek elimination of the existing duties in any future multilateral negotiations.

## **Aluminum**

Reduced tariffs on aluminum ingot and other non-ferrous metals remain a priority for Canada. The Government will support efforts of Canadian industry to encourage like-minded producers and users of aluminum in the EU to urge the European Commission to suspend the EU 6 percent tariff on aluminum pending our efforts to obtain its elimination in future WTO multilateral tariff negotiations.

## **TECHNICAL BARRIERS**

A key element of the EU single-market program is the elimination of technical barriers to internal trade through mutual recognition of voluntary national standards, testing and certification of conformity, as well as the legislation of EU-wide directives on essential technical requirements. The directives cover a wide range of goods, including construction products, toys, machinery, electrical goods, telecommunications terminal equipment and medical devices. Compliance with EU technical directives, Member/State legislation and/or voluntary standards (where applicable) are prerequisites for access to EU markets for a growing range of goods.

Many Canadian exporters consider the complexity of these requirements, much less their substance, to be a technical barrier to trade. Some EU directives cover several sectors, such as the one dealing with electromagnetic compatibility (EMC). There are others such as the personal protective-equipment directive that apply to only one product or sector. However, there is also a third category, which includes telecommunications-terminal equipment, that stipulates compliance with both product-specific and horizontal requirements.

The 1998 Canada-EU MRA on testing and certification of conformity with their respective technical requirements covers telecommunications equipment and electromagnetic compatibility, recreational boats, medical devices, pharmaceutical good manufacturing practices and electrical safety. Implementation is now in progress, including certification of conformity assessment bodies and the implementation in Canada of ISO/IEC Guide 65, the international guide used by certification bodies in certifying products. The MRA should go some way to reducing costs of compliance with existing regulations in these sectors.

More could be done, however, to address the problem of some EU requirements, and the uncertainty created by overlap between EU and Member State requirements which are simultaneously applicable to some products. Under ECTI, officials have been tasked with identifying these measures and report to Ministers on areas for future action at the next Canada-EU Summit in Köln. Increasingly, the EU has employed measures which they claim protect the health and safety of consumers but are not always based on sound scientific research. These technical barriers are of concern to Canada, and we will continue to raise these concerns with the EU at the highest levels.

Measures alleged to protect the health and safety of consumers represent further technical barriers which the EU is increasingly employing. These are of major concern to Canada since they adversely affect Canadian exports and are not always based on science. Canada continued to raise these concerns with the EU during 1998 at the highest levels, as outlined below, and will pursue its rights under the WTO Agreement.

## Genetically Modified Canola

The EU has yet to approve all of Canada's genetically modified (GM) canolas currently in production, and thus Canada is unable to export canola to the EU. Canada's position is that there are no health, food safety or environmental reasons why the GM canolas should not be approved for the EU market. This has been confirmed by favourable European Commission scientific reports.

As Canada's largest export markets for canola (Japan, the United States and Mexico) have accepted the varieties under cultivation in Canada, the Canadian canola industry decided in 1997 that it was no longer economically justifiable to segregate production. GM canolas with herbicide-resistant traits registered for commercial production in Canada have undergone safety assessments and have been determined to be substantially equivalent to traditional canola. In 1998, some 50 percent of Canadian canola acreage was seeded to canolas with novel traits.

Canadian canola exports to the EU peaked in 1994 at \$425 million. In 1998, in Canada's absence as a supplier, the United States exported non-GM canola to the European Union.

This matter has been raised with the EU by the Prime Minister and Ministers of Agriculture and Agri-Food Canada and International Trade. Canada will continue to take every opportunity to press for access for GM canola exports.

## Chrysotile Asbestos

In 1997, Canada exported a total of approximately \$16 million in chrysotile asbestos and chrysotile asbestos-containing products to the EU, down from a total of approximately \$50 million in 1993.

Austria, Luxembourg, Sweden, Italy, the Netherlands, Finland, Germany, France and Belgium have severely restricted or banned the use of chrysotile asbestos, which is largely imported, in favour of domestically made substitutes. It is expected that the European Commission will announce a ban on the import, production and use of all asbestos products throughout the EU as early as 1999.

The Canadian Government, in partnership with Quebec, the industry, the unions as well as the affected communities, seeks to maintain market access for asbestos products. Prime Minister Chrétien has raised

this issue with his counterparts from the United Kingdom, France and the European Communities. Senior Canadian officials have also discussed measures affecting chrysotile asbestos on a number of occasions with their European counterparts.

Canada considers that the bans imposed by many European countries cannot be justified by scientific risk assessments, and that these bans are not proportional to the risks presented by chrysotile asbestos in specified applications. (Indeed, a peer review of a technical paper that had been commissioned by the European Commission questions the growing use of asbestos bans in Europe as a means of protecting public health). In Canada's view, the scientific evidence favours a controlled-use approach to chrysotile asbestos. The Government has consequently pursued every opportunity to persuade the EU and individual Member States to maintain responsible-use policies instead of imposing bans.

Canada has requested the World Trade Organization to convene a dispute settlement panel to resolve this ongoing dispute with France over market access for chrysotile asbestos. Brazil and the United States have reserved their third party rights in this issue.

## Eco-Labeling

The European Commission has an eco-labelling scheme called the "Flower Program". Products covered include a number of paper products (e.g., sanitary papers). The criteria used for the program largely reflect European domestic environmental requirements, values and European-based performance measures. Canada has been excluded from the process of setting criteria and is concerned that the EU eco-label scheme has not been developed in a transparent manner and discriminates in favour of EU producers.

At the December 1996 WTO Ministerial Conference in Singapore, Ministers stressed the importance of WTO Members following the provisions of the Code of Good Practice of the WTO's Agreement on Technical Barriers to Trade in their eco-labelling programs, particularly those with respect to transparency and ensuring fair access of foreign producers to ecolabelling schemes/programs. Canada will pursue this matter, both on systemic grounds in the WTO, as well as considering other options to address the legitimate concerns of Canadian industry.

## **Forest Certification**

Over the past few years a number of national and private voluntary forest certification schemes (SFM) have emerged in response to public demand that forest products originate from sustainably managed forests. Voluntary certification is among many potential useful tools that can be employed to promote sustainable management practices in the forest industry. The possibility that Canadian forestry products exported to certain European markets and possibly the United States may require that they are certified as coming from sustainably managed forests is an issue of growing concern for Canadian industry. While Canada supports certification as a market place activity in so far as it promotes sustainable forest management, the potential of voluntary certification to promote SFM is uncertain. Canada is concerned about the spread and acceptance of inappropriate schemes which are developed without industry input or consultation, and are being pushed onto consumers through third party pressure tactics. They could act as non-tariff barriers and would have a negative impact on SFM. Canada considers that forest certification schemes should remain voluntary, be market based and not have the effect of creating unnecessary obstacles to trade. As there are several approaches to forest management certification, Canada supports the acceptance of equivalency between different forest certification schemes which have been developed through an open, transparent and verifiable process.

## **SANITARY AND PHYTOSANITARY IMPORT REGULATIONS**

### **Pinewood Nematode**

Since July 1993, the EU requires that Canadian exports of softwood lumber, except Western Red cedar, be heat-treated in order to ensure the destruction of the pinewood nematode (PWN). This requirement has effectively eliminated Canadian exports of untreated softwood lumber to the EU. Canada has indicated on numerous occasions that it views the mandatory heat treatment requirement as excessive given the negligible risk of establishment of PWN in the EU as a result of trade in Canadian softwood lumber.

Over the years, Canada has proposed alternative measures to control PWN while allowing trade

in untreated lumber, however, the EU has not accepted Canadian proposals for less trade restrictive measures. At Canada's request, WTO consultations were held on July 15, 1998, but the issue remains unresolved. During 1999, government officials will work with industry and provincial representatives to assess next steps.

### **Beef Hormones**

In 1989, the EU banned the use of growth-promoting hormones in livestock and imposed a ban on the importation of beef produced with growth-promoting hormones. Both Canada and the United States consistently opposed the ban on the grounds that it was not based on scientific evidence and was an unjustified barrier to trade. The safety of growth-promoting hormones has been endorsed by the Codex Alimentarius, an international body established to set food-safety standards, and by Canada's own scientific reviews.

After Canada and the United States referred the matter to the WTO, a Panel concluded in August 1997 that the EU ban violated the WTO Agreement on Sanitary and Phytosanitary Measures since it was not based on scientific evidence. The Panel's conclusion was further confirmed by the WTO Appellate Body in January 1998.

The EU has until mid-May 1999 to implement the Panel and Appellate Body reports. Canada has indicated to the EU that it expects the ban to be lifted by mid-May 1999. Should the EU fail to comply with the WTO ruling, Canada will seek further recourse under the WTO, including compensation or suspension of concessions.

### **Canada-EU Veterinary Equivalency Agreement**

The Canada-EU Veterinary Equivalency Agreement was signed at the Canada-EU Summit on 17 December 1998.

In July 1994, the European Commission initiated discussions with Canada concerning a bilateral veterinary agreement on sanitary measures for trade in live animals and animal products, including meat, poultry, eggs, dairy, honey, fish, and certain animal feeds. The Agreement establishes a mechanism for recognition of equivalent sanitary measures

maintained by Canada and the EU to facilitate trade while protecting human and animal health. The next step towards implementing the Agreement includes an audit of the current EU system and the establishment of the Joint Management Committee responsible for overseeing the provisions of the Agreement.

The Canada-EU Agreement will facilitate two-way trade involving some \$550 million in exports from Canada to the EU and \$250 million in imports from the EU to Canada.

### Seed Potatoes

A derogation from EU phytosanitary requirements is required for continued Canadian seed potato access to the European Union. The annual derogation is based on requirements that Canada conduct stringent laboratory testing and certification of disease-free zones in Prince Edward Island and New Brunswick for all exports to the European Union. The particular pest of concern is Bacterial Ring Rot (BRR).

A derogation was approved in November 1998 for the January-March 1999 shipping period. Canada will be pursuing more timely approvals of annual derogations or a multi-year derogation with the EU.

### Specified Risk Materials (SRM) Ban

In July 1997, the EU had proposed to ban the use of specified risk materials (SRMs) as a bovine spongiform encephalopathy (BSE)-related measure. The ban was originally intended to cover products of animal origin intended for food, feed and fertilizer as well as cosmetics, pharmaceuticals and industrial products, and would have applied to the manufacture of tallow and its derivatives.

In November 1998, the Commission released a draft of their new SRM proposal that categorizes countries on the basis of BSE risk. Canada has submitted information to the EU to substantiate our claim to be free of BSE.

In December 1998, the EU Council of Agriculture Ministers postponed for a third time the original SRM ban to January 1, 2000. Canada will continue to monitor the situation to ensure market access for tallow and its derivatives is not affected.

## OTHER ISSUES

### Government Procurement

The EU has only recently obtained compliance from Member States for implementing the legislative changes required to give effect to the WTO AGP. Full compliance with the procurement procedures has not been demonstrated. Access to EU markets in a number of sectors of interest to Canadian suppliers (including telecommunications equipment and services; transportation equipment and electric utilities) remains blocked. Particular barriers that serve to restrict access include standards, certification, qualification and local content requirements. Canada is addressing these issues with the EU in the WTO Government Procurement Working Group to further reduce or eliminate tariff and non-tariff barriers.

### Telecommunications

The Agreement on Basic Telecommunications came into effect on February 5, 1998. As of that date, the EU's internal liberalization of telecommunications services will apply to all Members of the WTO. Canada will continue to monitor Member State implementation of GATS obligations, particularly with respect to interconnection and the ending of telecommunications monopolies.

## EUROPEAN FREE TRADE ASSOCIATION

### Overview

In an October 1997 speech in London, the Prime Minister indicated that Canada "would like to see a free trade agreement between Canada and European Free Trade Association". In 1998, two-way merchandise trade between Canada and the EFTA countries, Switzerland, Norway, Iceland and Liechtenstein, was valued at approximately \$5.46 billion. Two-way investment was valued at \$6 billion in 1997.

As first steps towards this goal, Canada signed Trade and Economic Co-operation Arrangements (TECAs) with Switzerland, Norway and Iceland. The fourth EFTA member, Liechtenstein, has a customs union with Switzerland and therefore is covered by the Canada-Switzerland TECA. These arrangements provide a framework for discussions on bilateral and multilateral issues of common interest. Using the TECAs as a basis for discussion, a number of

bilateral meetings were held at the officials level through the spring of 1998. These meetings prompted the Government to undertake an extensive program of consultations to seek the views of business persons, associations, academics, interested individuals, civil society representatives and provincial counterparts on the viability of a Canada-EFTA Free Trade Agreement. A DFAIT website was also created and regular briefings were provided to the Standing Committee on Foreign Affairs and International Trade, Provincial Trade Representatives and SAGITs. As well, briefings and discussions were held in Toronto, St. John's, Montreal, Vancouver and Calgary.

With obvious domestic support for the initiative, the Government formally announced the launch of negotiations for a free trade agreement between Canada and EFTA on October 9, 1998.

Canada and EFTA have confirmed their intent to conclude a comprehensive trade agreement and to work towards completing negotiations by mid-1999. Three rounds of negotiations have been held in Ottawa, October 1998, in Geneva, November 1998 and again in February 1999. Six working groups have met to pursue specific questions on general market access, agriculture, services and investment, competition, trade remedies and government procurement. Intellectual Property issues were also discussed in October.

The Canada-EFTA FTA is an important initiative for Canada as it both complements and confirms long standing Canadian objectives for the liberalization of trade and investment and offers the opportunity to set an example for future multilateral negotiations. It will be the first transatlantic agreement and will offer Canadians a number of important benefits. It will:

- re-enforce and build on our strong trade and investment relationships with Europe and with the EFTA countries;
- enhance our history of shared values and activities in a wide range of multilateral fora;
- demonstrate the possibilities for co-operation between two important, economically well-developed regions as the publicity and discussions surrounding this agreement raises awareness of marketing and investment opportunities on both sides; and,
- provide immediate and tangible benefits to exporters and investors on both sides.

## RUSSIAN FEDERATION

### Overview

Despite double-digit growth early in the year, the effects of the financial crisis eventually set in so that for 1998 overall, Canada's merchandise exports to the Russian Federation declined by some 24 percent to \$276 million. Imports of goods from Russia to Canada grew by 18 percent to \$732 million. In 1997, the value of direct Canadian investment in Russia exceeded \$400 million, mostly in the mining and oil and gas sectors.

The Russian economy is expected to gradually restructure and recover from this latest crisis over the coming years and will continue to be a key strategic market for Canadian resource extraction, agri-food, and construction materials sectors. The Canadian Government is working to improve access to this important emerging market along three main tracks: the bilateral Intergovernmental Economic Commission; accession negotiations on Russia's entry into the WTO; and through negotiation of a new FIPA.

### Bilateral

The Canada-Russia Intergovernmental Economic Commission (IEC) was established in 1995 with a mandate to identify and resolve trade and investment irritants and obstacles faced by Canadian and Russian companies in each others' markets. Sectoral working groups focusing on oil and gas, agriculture, housing and construction, and industry development in advanced technologies, work to enhance opportunities for Canadian traders and investors. Additional working groups have been proposed in the following sectors: mining, the environment, and aerospace. Also under consideration are proposals for ad-hoc IEC events for the forestry sector, and to promote closer economic relations between Western Canada and the Russian Far East.

Canadian exporters face a multitude of product testing and certification standards before their products can enter the Russian Federation. Different products frequently require multiple certificates of conformity (i.e., fire, health, occupational safety), each issued by different (and sometimes competing) Russian regulatory authorities. Published information on these

regulatory requirements is also often difficult to obtain. Foreign Affairs and International Trade had proposed to address these difficulties through the establishment of a working group on standards and certification, but has shelved this initiative due to resource constraints. Nevertheless, the resolution of Russia-related TBT issues remains a priority for Canada.

Through the IEC and other bilateral initiatives, including technical co-operation, Canada is promoting reforms to the Russian tax code; dispute settlement and contract enforcement procedures; and policy frameworks for resource development. We have also pressed for the removal of numerous administrative barriers to trade and investment, and uniformity in the application and enforcement of laws and regulations.

The fourth annual IEC should have taken place in autumn 1998; however, it was postponed due to the continuing financial crisis and because of delays in confirmation of Prime Minister Primakov. During Russian Deputy Prime Minister Kulik's visit to Canada February 8-12 1999, it was agreed that the next session of the IEC should take place in Russia in 1999.

### WTO Accession

The Russian Federation applied to join the WTO in 1993. Canada is a member of the WTO Working Party charged with examining Russia's application and is holding bilateral discussions with the Russian Federation to advance the accession.

Throughout discussions held in 1998, Canada has underlined its support for Russia's eventual membership in the WTO on commercially viable terms generally applicable to newly acceding Members. Russia's membership in the WTO will give Canadian traders and investors enhanced and more predictable access to this important market. It will also consolidate the economic transition process in the Russian Federation and strengthen the multilateral trading system.

Although much has been achieved in recent years, Russia continues to have a great deal of work to do to bring its trade and economic system up to WTO standards. Throughout 1999, Canada will continue to press for increased transparency, as well

as more open, secure and non-discriminatory market access for Canadian goods and services providers.

The Russian Federation presented its initial tariff offer in February 1998. In June 1998, Canada initiated bilateral discussions in Moscow. Canada is seeking tariff concessions on products of current and future export interest to this market, such as oil and gas equipment, agricultural and agri-food products, vehicles and telecommunications equipment. Canada will, among other things, look to Russia to bind all its tariffs at or below currently applied rates; to join various zero-for-zero initiatives agreed in the Uruguay Round; and to provide non-discriminatory access, for example, in the oilseeds sector.

The financial situation that developed in the second half of 1998 has delayed progress in the preparation work with regard to market access for services.

The Russian Federation may present an initial offer in 1999. In subsequent negotiations, Canada will look for Russia to take binding commitments in the temporary movement of natural persons and the establishment of commercial presence. Canada has particular interests in the areas of professional and other services, including computer and related services, basic and enhanced telecommunications, financial services, construction services, environmental services and transport services. Canada will be looking for the removal of restrictions and discriminatory measures for the cross-border, consumption-abroad and commercial-presence modes in these sectors.

### INVESTMENT

The protection of investment in Russia remains a priority for Canada, particularly given the country's recent economic downturn. Natural resource development and other forms of infrastructure, services and industrial investment are key areas of potential interest for Canadian investors. The existing foreign Investment and Protection Agreement (FIPA), signed between Canada and USSR in 1989, provides limited protection for Canadian investors compared to more recent, NAFTA-style investment agreements. Negotiation of a new FIPA began in January 1998 with the aim of improving conditions for increased Canadian investment.

Current risks for investors in the Russian Federation include concern over crime and corruption, uncertainty regarding the provisions of pending domestic legislation, as well as effective recourse through the judicial system in order to resolve investment disputes. The Government will continue to work through 1999 toward concluding a new FIPA, and to advocate on behalf of several Canadian companies that are involved in investment-related disputes in the Russian Federation.

## UKRAINE


Recent developments in Ukraine's trade policy have raised serious concerns among its trading partners, including Canada. These are being addressed to Ukrainian officials in the context of both the WTO accession negotiations and the bilateral Intergovernmental Economic Commission. Arbitrary increases in tariff rates, discriminatory treatment of imports from certain trading partners in the form of exemption from the 20 percent VAT, and quantitative restrictions (or the threat) on imports of key products, including agricultural equipment, have all been introduced by Ukraine, with no consultation or discussion.

Ukraine applied to join the WTO in 1994 as part of its program of market orientation and integration into international organizations. Over the coming year, Canada will continue to focus on the need for increased transparency and more open, secure and non-discriminatory market access for Canadian exports of goods and services. Canada is a member of the WTO Working Party that is charged with examining Ukraine's application. In the Working Party, Canada will continue to pursue specific market access issues such as trade activities of state enterprises, including barter trade; government procurement; subsidies, pricing and taxation; intellectual property protection; the customs system; standards and other technical barriers to trade; agricultural sector policies; policies and regulations affecting services trade; and trade agreements with other CIS Member States.

In addition, as part of the accession process, Canada has started bilateral market access negotiations with Ukraine on both goods and services. Ukraine is an important market for Canadian exporters. Our goods exports for 1998 totalled \$20.2 million, and imports were \$68.9 million. Canada is seeking lower tariff levels and the removal of NTBs on products of export interest such as oil and gas equipment, agri-food products and equipment, construction materials, high-technology products and additional industrial items. Canada will look to Ukraine to bind its tariff commitments; to join various zero-for-zero and harmonization initiatives agreed in the Uruguay Round; and to provide non-discriminatory access for products such as oilseeds. Canada is also seeking commitments from Ukraine in key services areas, including professional, telecommunications and financial services. Canada is looking for binding commitments in the temporary movement of natural persons and the regulations that allow foreign services firms to establish a local presence in Ukraine.

Through the Canada-Ukraine Intergovernmental Economic Commission, Canada is working with the Canadian business community to identify specific measures in Ukraine that inhibit bilateral trade and investment, and to raise these in plenary and working group sessions with senior Ukrainian Ministers and Ukrainian business people. Taxation, standards and discretionary application of regulations are among the key issues under review.

Trade development between Canada and Ukraine received a boost during the January 1999 Trade Mission of Prime Minister Chrétien and Minister Marchi. The mission produced 18 commercial agreements between Canadian and Ukrainian businesses worth \$163 million.



## 6. *Opening Doors to Asia Pacific*

### APEC

**T**rade and investment liberalization in the APEC context proceeds on a voluntary basis with each economy's unilateral commitments expressed in its individual action plan. In 1997 in Vancouver, Leaders endorsed an initiative by Ministers to develop processes, or framework agreements, for early, voluntary liberalization in 15 sectors, with nine to be advanced in 1998 with a view to implementation in 1999. Despite the ongoing economic and financial difficulties experienced by a number of member economies, even the most affected remained engaged in the process, which reflects a commitment to continue to advance liberalization both in the region and globally.

At the November 1998 APEC Ministerial Meeting held in Kuala Lumpur, Malaysia, Ministers noted the progress made in 1998 in finalizing agreements for eight of the nine "priority" sectors — forest products, fish, environment, chemicals, energy, gems and jewellery, medical equipment and toys. Using the endorsement of 16 APEC economies as a starting point, Ministers decided to build on this progress by broadening participation in the tariff element of the proposals beyond the APEC region. This would reduce free-rider problems that would be associated with any collective decision by APEC economies to reduce MFN tariffs. Work on the ninth priority sector, a telecommunications equipment mutual recognition arrangement (MRA) that does not include a tariff reduction component, has been completed and was endorsed by Ministers in June.

Ministers also agreed that APEC would immediately notify the WTO that the participating economies would like to negotiate tariff reductions in these sectors based on the APEC framework agreements. APEC Trade Ministers will review progress in advancing this initiative in the WTO at their June 1999 meeting. Ministers will also review progress in developing framework agreements for the six second-tier sectors — civil aircraft, fertilizers, rubber, oilseeds, food and autos (this sectoral proposal involves initiating a regional policy dialogue; it does not include a tariff element).

Canada considers the referral of these sectors to the WTO to be an opportunity for APEC to help shape

any future WTO negotiations (particularly with respect to industrial and fish products and, to a lesser degree, agriculture and services) and influence the process leading up to the Third WTO Ministerial Meeting. If sectoral agreements for the APEC sectors are not finalized in the context of the WTO prior to that meeting, Canada would like to use APEC support to ensure that our sectors of particular interest — forest products (wood and paper), fish, environment, civil aircraft, fertilizers and oilseeds — are taken into account in decisions on the scope of future negotiations.

APEC endeavours to work with business to identify obstacles to trade and investment. Member economies co-operate to develop practical means of reducing or removing such obstacles. Individual elements of APEC's trade facilitation work programme may not grab headlines; however, the whole of the effort is greater than the sum of its 300-plus parts. A 1997 APEC study concluded that current commitments by member economies to facilitate intra-APEC trade will have a larger impact on reducing costs and increasing GDP than their current commitments to liberalize trade.

In 1998, Canada as past host of the APEC process focused on ensuring that work to advance the vast trade facilitation agenda maintained momentum. This ongoing work will continue to make regional trade easier and less costly, improve the predictability of the business environment and generate opportunities for networking and partnerships.

In 1998, among other things, APEC:

- Produced an updated *Blueprint for APEC Customs Modernization: Working with Business for a Faster, Better Border*.
- Commenced work on an APEC Directory on Professional Services.
- Continued to update the APEC *Guidebook on Investment Regimes*, which is now published on the Internet.
- Advanced work on an updated *Guide to Arbitration and Dispute Resolution* in member economies.
- Developed a website on APEC members' customs procedures.
- Agreed to additional priority areas for alignment with international standards in the fields of electrical and electronic equipment in respect of safety and electromagnetic compatibility by 2004/2008.
- Completed a Mutual Recognition Arrangement for Telecommunications Equipment.
- Developed a Mutual Recognition Arrangement on Automotive Products.
- Produced an APEC *Blueprint for Action on Electronic Commerce*.

In 1999, Canada will be looking to advance work in all of these areas, as well as to push member economies to provide access for Canadian business persons on par with the access provided by Canada to foreign business persons.

All APEC documents are available on the Internet at [www.apecsec.org.sg](http://www.apecsec.org.sg)

## JAPAN

### Overview

Japan is Canada's third-largest trading partner, with 2.98 percent of total exports, and is the third-largest foreign direct investor in Canada. Canada is Japan's eleventh-largest trading partner, and a leading supplier of a number of key products such as coal, uranium, canola seed, lumber and prefabricated housing. Canada is becoming an increasingly important source of a range of sophisticated, high-tech products for Japan. Japan is also a major source of portfolio investment in Canada and recent indications are that Canadian direct investment in Japan will increase.

In 1998, although Canada enjoyed strong economic performance, the composition of Canada's trade with Japan continued to evolve in response to changing economic conditions in both countries. Canada's total merchandise trade with Japan dipped just under \$20 billion. Exports declined 20 percent to \$9.64 billion and imports climbed 11 percent to \$9.66 billion resulting in a slight increase in the bilateral trade deficit. Canada exported \$1.2 billion in trade in services and imported \$1 billion in 1998. Despite the present recession, the long term trend in Japan for increased demand for cost-competitive imports represents an important market opportunity for Canadian exporters.

Through *Canada's Action Plan(s) for Japan*, business and all levels of government are co-operating to exploit market opportunities in six high growth sectors: agri-food and fisheries; tourism; information technology; consumer products (furniture, sporting goods and giftware); building products; and health care/medical devices. The Action Plan draws attention to new opportunities that have been created in the Japanese market through continuing structural economic change, deregulation and changing consumer tastes. It seeks to alert Canadian industry to changing market conditions in Japan and to encourage them to adopt their product to the Japanese market.

## MANAGING THE TRADE RELATIONSHIP

Canada and Japan continue to promote trade development and economic co-operation under the 1976 *Framework for Economic Cooperation and the Canada-Japan Agenda for Cooperation* announced during the November 1996 visit of Prime Minister Chrétien to Tokyo. The Agenda reaffirmed a common commitment to expand trade and investment through improved transparency and market access.

High-level governmental consultations were held on two important occasions in 1998. The first was the annual informal trade policy talks held in May, when DFAIT's Assistant Deputy Minister for Trade and Economic Policy met with his counterpart at the Ministry of International Trade and Industry (MITI) to review a wide range of multilateral and bilateral issues. Multilaterally, the officials reviewed such topics as APEC, the Asian Financial Crisis, approaches to new WTO negotiations, and electronic commerce; bilateral discussions included Japan's reaction to Canada's Auto Competitiveness Review, Canada's suggestions for Japan's deregulation program, and the successful launch of the DFAIT-MITI personnel exchange. In October, Canada's Deputy Minister of Trade and Japan's Deputy Minister of Foreign Affairs (MFA) held a meeting of the Canada-Japan Joint Economic Committee (JEC). This meeting touched on a range of multilateral issues, and also focused on specific bilateral concerns as well as suggestions for the enhancement of bilateral ties, including more frequent consultations.

While the trade policy and JEC meetings provide a comprehensive view of the trade and economic relationship, they are complemented by regular issue-specific talks conducted by line departments and agencies in Canada and Japan in such sectors as telecommunications, culture, building product standards, environment, tourism, air services, fisheries, oilseeds and transportation, to note a few. The range of meeting themes is indicative of the depth of the economic and trade relationship with Japan.

Both Canada and Japan also welcome and encourage private sector initiatives to improve trade relations, including the annual Canada-Japan Business Conference and missions by business delegations, such as the Keidanren's 1996 visit to Canada, and the visit to Japan in November 1998 by a high-level team of Canadian business people from the Business Council on National Issues.

## Market-opening Results in 1998

To expand market opportunities for Canadian exporters, Canada actively supported the Japanese government's efforts to stimulate the Japanese economy through deregulation, strengthened competition policy and further market liberalization. In this dynamic environment, Canada and Japan addressed a series of issues of long-standing concern to Canadian business:

- In June 1998, the Ministry of Construction enacted legislation which will substantially move the Building Standards Law towards a performance-based system.
- The Japan Agricultural Standards (JAS) Policy Committee report of October 20, 1998, included many recommendations which should serve to benefit Canadian exporters, for example, calling for privatization of grading and inspection services, and urging further consideration of international harmonization of standards. The Ministry of Agriculture, Forestry and Fisheries (MAFF) is now acting upon the recommendations in the report, including those requiring legislative changes, scheduled to be effected in 1999.
- As requested by Canadian exporters, MAFF is in the process of revising the JAS structural plywood standard to accommodate softwood veneers in Class 1 plywood and to accommodate the shift to performance-based standards.

- An employee of the Japanese Ministry of Construction was assigned to Canada to participate in the evaluation and development of new standards that can be applied in Japan, resulting in improved and faster access of Canadian building products to the Japanese market.
- Japan has offered to facilitate approval for the use of Canadian nails in the construction of prefabricated buildings for shipment to Japan, provided Canada demonstrates that its nail manufacturers meet Japan Industrial Standards or produces equivalent strength data. Such a change could reduce the cost and difficulty for small- and medium-sized firms to market prefabricated buildings in Japan.
- In early 1998 Japan accepted Canadian National Lumber Grading Association standards for finger-jointed and machine stress-rated lumber. Progress is anticipated in approval of a similar application for oriented-strand board.
- Japanese investor and policy holder insurance schemes in both the securities and life insurance sectors have been adjusted to protect foreign financial institutions, who wish to enter the Japanese market, against past liabilities arising from the current difficulties in Japan's domestic financial sector.
- The Japanese Ministry of Health and Welfare approved four more transgenic varieties of Canadian canola, in addition to the six varieties already approved in 1996 and 1997.
- Canadian exports of distilled spirits have more than doubled. The increase follows the introduction of lower tariffs and excise taxes as a result of Japan's obligations stemming from the WTO panel on its liquor-tax regime.

### **Canada's Market Access Priorities for 1999**

Japan's formal tariff measures have been steadily reduced through successive rounds of multilateral trade negotiations. In 1998, over 70 percent of Canadian exports entered Japan duty-free. However, even with full implementation of the tariff reductions achieved in the Uruguay Round, high average tariff rates continue to be applied to many Canadian exports, particularly value-added agri-food products.

In the next WTO negotiations, Canada will seek the elimination of duties applied to vegetable oils (particularly canola), processed foods, forest products (newsprint, spruce-pine-fir lumber, softwood plywood, laminated veneer lumber, oriented strand board and laminated beams) and red meats, fish and non-ferrous metals.

Canada continues to seek the elimination of specific technical and regulatory barriers in Japan to facilitate Canadian exports in priority sectors such as agri-food and building products.

### **Deregulation**

Since 1994, Canada has actively supported Japan's efforts to stimulate the economy through deregulation. On a number of occasions, Canada participated in Japan's official consultation process and identified domestic regulatory impediments that limit economic growth or add unnecessary costs to business and consumers. Progress has been notable in some areas, for example the "Big Bang" in the financial sector, however in other areas success has been limited. Effective April 1, 1998, the Japanese Cabinet approved its second three-year deregulation program and appointed a Deregulation Committee of prominent business and academic representatives to guide the government's efforts.

Canada has made several representations to this Committee and its predecessors, with its latest submission offered on October 9, 1998. This submission raised areas of specific concern in three focus sectors: building products and housing; agriculture and agri-food; and telecommunications. Canada's submission also addressed general concerns with regard to standards, structural reform (including distribution and competition policy), distribution and energy.

Progress in the building products sector has been most encouraging, especially with the change to performance-based regulations in the Building Standards Law. Regarding Canadian concerns in the agricultural sector, there is so far no sign of the same kind of watershed thinking. In the telecommunications sector, a review is promised by the year 2000 on the issue of network interconnections which may address certain concerns expressed by Canada.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Automotive Products

Japan maintains measures that distort global trade in motor vehicles. The WTO Agreement on Safeguards requires these measures to be fully eliminated by December 31, 1999. Canada will be monitoring developments within Japan to ensure that 1) the distortive measures are eliminated on schedule and 2) that no new schemes are devised to continue the distortion of automotive trade.

### Agri-food, Fish and Beverage Products

Japan is the world's largest net importer of agri-food, fish and beverage products, and is Canada's second-largest market for agri-food exports after the United States. In 1997, agri-food and fish exports exceeded \$3 billion. Canada seeks further access to this important market, and has concerns with Japanese measures regarding tariffs, safeguard measures, genetically modified organism environmental field testing and labelling, phytosanitary and subsidy concerns. In many of these cases, Japan maintains that its policies conform to the commitments made at the Uruguay round of negotiations and that any further tariff reduction or market access concessions will be part of the next WTO negotiations which are scheduled to begin in 1999.

### Safeguard Measures on Chilled and Frozen Pork

In 1997, Canadian exports of fresh and frozen pork cuts were valued at \$337 million and have been growing substantially each year. However, Canada is concerned about the administration of Japanese safeguard measures on pork in the form of an increased minimum import price and higher tariffs which are designed to restrain growth in chilled and frozen pork imports. Since they were first triggered in 1995, the safeguards have been of significant concern to the Canadian pork sector. As currently administered, these measures create considerable uncertainty for Canadian suppliers and Japanese importers. Canada is seeking a resolution that addresses the concerns of both exporters and

importers in eliminating the negative market impacts of the safeguard. This will be a priority in the next WTO negotiation.

### Tariffs on Canola Oil

Japan duties on most cooking oils currently range between the equivalent of 10.8 percent and 11.2 percent on an *ad valorem* basis to provide protection to its domestic oil crushing industry. These have declined substantially since completion of the Uruguay Round, and will fall to ¥10.9 per kilogram and ¥13.2 per kilogram respectively by April 1, 2000. However, the tariffs still limit imports of crude and refined cooking oils, and confer a competitive advantage on Japanese crushers that purchase oilseeds in the global market. Canada will continue to press Japan to eliminate its specific duties on crude and refined canola oil in the context of an overall multilateral zero-for-zero negotiation on all oilseeds.

### Acceptance of Transgenic Canola

Canola seed is Canada's largest agricultural export to Japan, with shipments in 1997 valued at \$860 million. Transgenic technology refers to the introduction of a new trait, such as tolerance to specific herbicides or the enhancement of nutritional quality, through the insertion of a gene from another species into the canola plant. Transgenic canola is the first genetically altered, Canadian-grown crop to be put forward for approval in Japan. New varieties are subject to approval by Japan on the basis of environmental, food and feed safety guidelines. Japan approved the importation of three varieties of transgenic canola in 1996 and subsequently extended the approval to conventionally derived progeny of approved transgenic lines. Since then Japan has approved an additional three transgenic varieties in 1997 and four more in 1998.

The Japanese approval process remains a concern and could pose delays in the acceptance of subsequent transgenic crops, whether they be canola with additional genetically modified traits or transgenic traits in other crop species. The multi-step Japanese environmental clearance system recognizes North American clearances, and allows a plant to enter the Japanese system at a higher level, however the current process entrenches a gap of 18 months between

North American commercial clearance and Japanese import clearance. Environmental field testing should not be required for genetically modified varieties which are intended only for processing in Japan, particularly when these traits have already undergone environmental field testing in other varieties of the same species.

In addition, as is already the case with the feed and environmental approval processes, the food safety approval process should not distinguish between the subspecies "Brassica Napus" and "Brassica Rapa". Efforts to persuade Japan of this basis for approval will continue.

### **Labelling of Food Products Containing Genetically Modified Organisms (GMO)**

Like Canada, Japan proposes mandatory labelling for GMO foods that have undergone a significant change in nutritional composition or that present a health concern for a segment of the population. However, mandatory labelling is also being considered for: a) GMO food which may contain GMO-DNA or protein, and are "substantially equivalent" in use, composition or nutritional value to "conventional" food products; and b) foods where there may be "ethical concerns" such as the insertion of an animal gene in a plant product.

Labelling statements such as "contains GMO", "not segregated" and "GMO free" are being considered for the different mandatory or voluntary labelling options. Such statements have the potential to convey misinformation about safety of the GMO food products which are "substantially equivalent" to "conventional" ones. Canada has provided Japan with a response to its proposal for mandatory labelling and expressed concerns with: a) the unclear rationale for the identification of protein and DNA resulting from genetic modification through a mandatory labelling approach; b) difficulties in ensuring and enforcing compliance; and c) the likelihood that the Japanese labelling scheme would not provide consumers with meaningful information on foods and food ingredients derived from biotechnology.

Canada will continue to follow the issue closely to ensure that access for safe and sanitary Canadian foodstuffs is preserved.

### **Variety-specific Testing of Certain Imported Fruits and Vegetables**

Japan requires that certain fruits and vegetables which may be a host to quarantine pests, such as apples and tomatoes, be approved for importation on a variety-specific basis. The scientific basis for such an approach is questionable. In addition, variety-specific testing is expensive, and delays the early introduction of new varieties into the marketplace as they are developed. This is particularly problematic for commercially grown tomatoes, as new and improved varieties are constantly being developed for commercial use. For example, after seven years of bilateral discussion and testing, Japan removed the ban on imports of seven varieties of Canadian tomatoes in September 1996. Of these seven varieties, only one is currently in commercial production.

In June 1998, Canada presented to the Japanese government all of the requisite scientific technical data for five new varieties but has still not received final approval for trade. While pressing for the approval of these five additional varieties under the current system, Canada is asking Japan to eliminate this requirement for new tomato varieties.

### **Dairy Genetics Subsidy Program**

In mid-1998, Japan introduced a program to subsidize the use of semen from proven dairy bulls to encourage Japanese farmers to improve the dairy traits of their animals. Initially the subsidy was only applicable to semen from Japanese domestic bulls however after foreign intervention the Ministry of Agriculture, Forestry and Fisheries (MAFF) revised the listing of approved sires to include some foreign sires and made the subsidy measures retroactive to July 1998.

The revised list includes a total of 67 sires including 19 foreign sires of which five are Canadian. Canadian industry will effectively be excluded from the program as these five listed bulls are either outdated or dead, which indicates a flawed Japanese selection process. In contrast, in free market conditions, where the breeder chooses the semen based on desired genetic traits Canada enjoys a 23 percent share of the Japanese import market.

Canada would prefer that this program not be extended past March 1999. If it is, Canada continues

to request that Japan extend the list of eligible sires to include the top 40 Canadian bulls from the Long-term Performance Indicators listing and that the listing be constantly revised based on new sire evaluations.

### **Japan's Food Sanitation Law**

Japan's Food Sanitation Law (FSL) and its related administrative guidelines do not clearly distinguish between "sanitary" and "quality" problems affecting food products. Quality factors do not constitute health and safety risks, and should not, in Canada's view, be addressed in the same manner as sanitary factors. Canada considers that Japan should refrain from its current practice of prohibiting the sale of agri-food products based solely on its assessment of undesirable non-health and safety "quality" factors.

The FSL also maintains standards for frozen foods that are much more restrictive than those for non-frozen products. This has led to problems at some ports for frozen-food shipments from Canada. Canada does not consider that this distinction is scientifically justified. Canada hopes to address this issue through technical dialogue between officials.

### **Fish Feed in Airtight Containers**

Since July 1998, Japanese customs authorities have deemed that bagged Canadian fish feed no longer qualifies for duty-free status, based on a prescriptive standard for "airtight packaging" that excludes the packaging employed by Canadian exporters. The Embassy continues to consult with customs authorities on this matter.

## **BUILDING PRODUCTS AND HOUSING**

Japan is Canada's second largest market for building products after the United States, with 1997 exports exceeding \$2.6 billion – a slight decline from 1996. Canada continues to be a major exporter of pre-fabricated housing to Japan, with sales in 1997 of \$181 million.

The amendment of the Building Standards Law in June 1998 to introduce aspects of a more performance based (rather than prescriptive) building standard promises to bring great benefit to Canadian exporters. Further deregulation in the housing sector and further liberalization with respect to imported

building products would benefit both Japanese consumers and Canadian suppliers of wooden building product. To this end, Canada and Japan continue their cooperation under the terms of the 1994 Joint Announcement on Cooperation for Mutual Recognition in the Field of Building Standards to reduce the cost of selling Canadian building products in Japan through regulatory reform and mutual recognition of standards and test data for building products and construction methods.

Canada will continue to consult bilaterally with Japan on the revision of their Building Codes to aid Japan's objectives of stimulating improvements in the quality of Japan's housing stock and to facilitate Canadian exports of building materials. Specifically, Canada is working to remove further restrictions on wood frame construction in semi-fire zones (e.g., size and use limitations), to ensure test methods and test criteria are transparent and to allow for foreign organizations to become recognized approval bodies.

### **Removal of Restrictions on Three-Storey Wood Frame Construction**

After revisions in the Building Codes announced in 1997, three-storey wood frame construction is now allowed, but the Ministry of Construction restricts the size to a maximum of only 1500 square metres. This restriction limits the construction of wood frame structures for hotels and other larger-scale mixed use. Canada will continue to seek the removal of this restriction.

### **Revision of Japan Agricultural Standards for Wooden Building Products**

The revision and development of Japan Agricultural Standards (JAS) for imported wooden building materials has proven to be a slow and costly process. Canada is currently co-operating with Japan's Ministry of Agriculture, Forestry and Fisheries (MAFF) to revise a number of standards [including JAS 143 (structural lumber) and JAS 111 (strength class by species and lamina properties)], to facilitate imports into Japan of Canadian wooden building products. Canada will continue to seek the implementation of these revised standards at an early date. In addition, testing is being undertaken to provide data to MAFF to relax standards for oriented-strand board.

### **Registered Grading Organizations (RGO)**

Under the Japan Agricultural Standards Law, a foreign organization is not permitted to administer a program of certification and quality control. If Japan was to allow certification of competent Canadian organizations, as Registered Grading Organizations (RGO), the cost of JAS compliance for Canadian producers would be significantly reduced. Steps could be taken to streamline procedures for acquiring and maintaining JAS certification by foreign facilities. In 1998 the JAS Policy Review Committee suggested that a change by Japan to allow for the accreditation of foreign RGO's would be more in line with international harmonization trends. Canada will continue to encourage this recent development.

### **TELECOMMUNICATIONS EQUIPMENT**

An understanding on mutual recognition of test reports for telecommunications equipment between Canada and Japan dates back to 1986. A voluntary mutual recognition agreement for telecoms testing and certification procedures has been developed within APEC with the support of most APEC members, including Japan's Ministry of Posts and Telecommunications. Canada is seeking early implementation of the agreement between Japan and Canada to facilitate and reduce the high cost of certification for interfacing equipment for both wired and especially wireless networks.

### **IMPROVING ACCESS FOR TRADE IN SERVICES**

#### **Telecommunications Services**

Japan is taking significant steps to deregulate its telecommunications services market. In line with the Agreement on Basic Telecommunications (ABT), Japan now permits foreign access for the supply of all basic telecommunications services. Foreign investment in new companies is unrestricted. Foreign investment in Nippon Telegraph and Telephone Corporation (NTT) remains, to date, limited to 20 percent.

NTT requires a high interconnection fee known as the "Network Development Charge". An option does exist for a different type of physical connection

to the network at a lower cost but this alternative results in a markedly lower quality of service. In addition, high cost NTT proprietary technology is also required to interconnect. Currently Japan uses the Activity Based Cost accounting method for determining interconnection charges, which allows the incumbent to include development costs into its cost calculations. However, Japan has made a commitment to introduce legislation by the year 2000 which will specify a switch to Long Run Incremental Cost methodology; thereby forcing down the current high interconnection rates.

### **Financial Services**

The substantial reform, deregulation and restructuring of Japan's financial services sector offer new opportunities for Canadian financial services companies. The Tokyo "Big Bang" aims to bring the financial markets up to a globally competitive standard. The challenge is considerable but progress is apparent and opportunities for foreign participants have increased dramatically as new valuation benchmarks are established.

Canadian companies have both the experience and expertise to enter the Japanese market in areas of asset management, asset securitization and insurance. Already several Canadian companies have expanded their existing operations or are considering important investments in Japan. The Embassy has worked closely with some of the financial service companies new to this market to ensure that Canadian companies have equal opportunity compared to foreign and domestic rivals.

### **INVESTMENT**

In recent months Japan has clearly signalled its desire to promote increased levels of foreign investment. Given the importance of direct investment to trade, Canada will continue to support regulatory changes in Japan that improve the investment climate and facilitate market entry. Investment in several of Japan's domestic economic sectors is subject to prior notification under the Foreign Exchange and Foreign Trade Control Law. Under the Organization for Economic Cooperation and Development (OECD) Capital Liberalization Code, reserved sectors include

agriculture, forestry and fisheries, oil, leather and leather products, air transport and maritime transport. In addition, many other areas are reserved on national security grounds, including the aircraft and aerospace industries, armaments, passenger transport, nuclear power, electricity, gas, heat supply, waterworks, telecommunications and broadcasting, vaccines and security guard services.

## CHINA AND HONG KONG

### CHINA

#### Overview

The People's Republic of China (not including the Hong Kong Special Administrative Region) is Canada's fifth-largest export market. In 1998, Canada's total exports of goods to China reached \$2.12 billion, and the total value of imports of goods was \$7.65 billion.

With nearly one quarter of the world's population, China shows great promise of becoming the world's largest consumer market. It is estimated that, by 2010, there will be in excess of 500 million middle-class consumers in China. An increasingly Western lifestyle among the urban middle class, along with a softening of the Chinese government's isolationist policies, make this enormous market all the more attractive from a Canadian perspective.

As outlined in the 1998 *China and Hong Kong Trade Action Plan*, Canada's policy approach takes full account of the reality of China's rapidly growing importance in world affairs. An economic partnership between China and Canada is a key element in supporting long-term relations and encouraging China's further integration in global and regional political and economic institutions.

Despite the opportunities that China presents, a number of significant systemic problems and practices impede Canadian access to the Chinese market. Traders must also keep in mind that China consists of a number of distinct regional markets, each operating and evolving in a distinct and often autonomous fashion. Some of the more prevalent problems include high import tariffs, inappropriate standards, investment barriers, the inability to appeal rulings by Chinese officials through a judicial review process;

equivalent treatment of foreign and domestic firms (national treatment); equivalent treatment of imports from different countries (MFN status); access to foreign exchange; the transparency of the Chinese regime; the uniform application of laws and regulations throughout China; non-tariff barriers (e.g., import licences and quotas); and the subsidization of Chinese manufacturers. These issues are currently being addressed in multilateral and bilateral negotiations on China's accession to the WTO. Chinese officials have indicated that China is serious about resolving these issues as part of the accession package. Consequently, the results of the negotiations will be applied on an MFN basis.

High tariffs on imports are one of the principal impediments to Canadian exports. Canadian producers are particularly vulnerable if their products compete against domestically produced goods or have a fixed world price. Canada is trying to reduce the tariffs applied to knowledge-based products in particular as they are significant generators of Canadian jobs and growth.

A common problem faced by many Canadian firms which have entered the Chinese market is a lack of transparency and the inconsistent application of laws, regulations and import practices. This reflects, in part, the decentralized nature of administration in China, and the strength of local centres of power, whose administrative units can often act independently of central commands and of written laws endorsed by the central authorities. In customs procedures, for example, it is not uncommon for the same product to be subject to different levies in different ports, as they each add to the basic import tariff their own administrative and miscellaneous fees. This makes for uncertainty in the calculation of export costs and impedes the establishment of consistent, long-term commercial ties. In the case of capital projects, the approval process is often unclear, as is the ultimate decision-making authority on any particular project.

Canada is also concerned that Chinese standards and, in particular, requirements for statutory inspection are being used as impediments to market access, and are not being imposed, as is required by the WTO, in the least trade-restrictive manner possible. Canada, in the context of discussions with China through the WTO accession process, is attempting to obtain a transparent list of the standards being applied, and is working to identify and eliminate those that are merely

qualitative in nature, disguised barriers to trade or unnecessary impediments to imports. The goal is to obtain application of international standards and to increase access through such mechanisms as Mutual Recognition Agreements (MRAs).

Canada takes a similar approach to the numerous sanitary and phytosanitary (SPS) barriers applied to agricultural products in the Chinese market. China's SPS regulatory system continues to lack transparent rules and administration. The Canadian Food Inspection Agency is working closely with China on a number of SPS issues, particularly those relating to access for Canadian meat products, tobacco, seed potatoes and seed corn.

## **EXAMPLES OF PRODUCT-SPECIFIC MARKET ACCESS CONCERNS**

### **Telecommunications Equipment**

Sales of Canadian telecommunications equipment are doing well in China. However, there are some concerns about the process of tendering for the sale of such equipment. Moreover, the country's telecommunications regulator, the Ministry of Information Industry (MII), is also a supplier. It thus competes with imported products, as well as being the dominant carrier and customer. This creates the potential for undue influence on purchasing decisions. The MII has at times publicly requested that purchasers of telecommunications products favour locally produced equipment. There are also indications that exporters face additional standards to those that have been identified by China.

China maintains a ban on foreign involvement in domestic telecommunications operations. The MII actively encourages FDI and foreign technology, but does not allow foreign companies to invest in the telecommunications system itself. Entry into the equipment market is possible only through cooperation with Chinese equipment makers in Sino-foreign joint ventures, or by selling goods under an import tariff. Foreign firms can install but not operate telecommunications systems.

### **Newsprint**

In October 1997, China introduced a new variable tariff, with a steep inverse relationship to price, with base figure of US\$550 per tonne. This scale has

the potential of imposing tariffs of anywhere from 3 percent (for high-priced imports) to 45 percent (for imports on the low end of the price scale). This variable rate is intended to compensate for loss of revenue from price fluctuations and as a reaction to a dramatic drop in newsprint prices, which had led to imports being priced lower than domestically produced newsprint. Canada has discussed this tariff with China, and has expressed its strong concern as to its potential for distorting trade and production decisions.

### **Agricultural Tariff Rate Quotas (TRQ)**

China has announced its intention to implement a TRQ system for a number of agricultural imports. Twenty percent of the value of Canada's exports to China in 1997 could be affected by this new measure. It is therefore particularly important to Canada that this system be operated in as open, transparent, efficient and predictable a manner as possible, so that it does not distort trade. Canada is continuing to work closely with China to ensure that, if China proceeds, a TRQ system does not disadvantage Canadian agricultural products.

### **Pork and Beef**

In March 1997, Canada signed beef and pork import protocols with China. It was anticipated that these protocols would improve access for Canadian pork and beef. Unfortunately, no trade has taken place under the protocols. This is mainly due to continued uncertainty regarding Chinese import procedures for pork and beef and severe animal health restrictions for pork. Canada is continuing to call on China to clarify these procedures so that regularized trade can proceed as soon as possible.

### **SERVICES**

In the last few years, Canadian service-providers have gained increased access to the Chinese market. However, China continues to limit the operations of foreign-service companies through restrictions on where firms can operate and how many foreign firms can operate in certain sectors, and through regulations, including licensing requirements that discriminate against foreign-service firms. Canada is working as part of the accession process to moderate

or remove these restrictions. Canada is particularly interested in increasing Canadian access to Chinese service sectors. We are focusing on financial, telecommunications and professional-services sectors, all of which are sectors of Canadian expertise and offer great potential in China.

### Telecommunications Services

Foreign companies are banned from any involvement in the ownership and operation of Chinese telecoms infrastructure. However, since the creation of China Unicom, the national carrier established to compete with the incumbent China Telecom, the practice known as the "Chinese-Chinese-Foreign" (CCF) format allowed foreigners to derive income from Chinese telecoms services through a complex mix of management contracts, equipment leasing, consulting and licence royalties which kept them at arm's length from service operations. Most of these investments involved GSM mobile communications projects, with the exception of two local telephony projects.

Although the CCF structure was used by several foreign investors without objection from Chinese authorities, the government has recently engaged in a profound policy review regarding the CCF structure and imposed a freeze on all further expansion or new projects.

### INVESTMENT

In light of China's market size and ensuing investment potential, Canada considers China to be a top priority for the negotiation of a Foreign Investment Protection Agreement (FIPA). According to Statistics Canada, the stock of Canada's direct foreign investment in China was \$377 million in 1997 and potential direct investment is likely much higher. Many reforms are under way in China, both as part of its WTO accession process and due to its interest in attracting foreign investment; however, many sectors of the economy remain under state control. Canada regards it essential that the principles of non-discriminatory treatment, investment protection and effective dispute settlement apply to Canadian investment in China.

## HONG KONG

### Overview

On July 1, 1997, Hong Kong reverted to China after 150 years of British rule. Details of the sovereignty transfer were determined by the Sino-British Joint Declaration of 1984, and by the Basic Law, the constitution for the HKSAR that was promulgated by the Chinese National People's Congress in April 1990. The Basic Law grants considerable autonomy in economic, trade, cultural and political affairs for 50 years after 1997. The HKSAR has its own financial system, and formulates its own monetary and financial policies. The Hong Kong dollar continues to circulate as legal tender. Hong Kong remains a free port and separate customs territory. It can conduct relations with states and international organizations on the economy, money and finance, shipping, communications, tourism, culture and sports. Under the name "Hong Kong, China," it is a member of APEC and the WTO.

Canadian firms continue to enjoy excellent access to the Hong Kong market, and there are no outstanding bilateral market access issues. The Hong Kong government continues to develop its own economic, fiscal and budgetary policies based on its own interests and its dependence on trade. The policy of minimal government interference in the economy continues to apply equally with respect to trade in goods and services, and to investments.

On January 1, 1999, the Hong Kong government allowed free competition in international telephone (IDD) services. IDD was the last area in which Hong Kong Telecom maintained a monopoly service. This effectively makes Hong Kong the most liberal telecommunications environment in Asia. Licences were granted to 30 operators to provide IDD services in Hong Kong.

### INVESTMENT

In general, Canadian investors face few difficulties in Hong Kong; two way investment flows between Hong Kong and Canada totalled \$5 billion in 1997.

## REPUBLIC OF KOREA

### Overview

In 1998, Canada's goods exports to the Republic of Korea totalled \$1.74 billion, and imports were \$3.31 billion. Korea is Canada's third largest market for merchandise exports in the Asia-Pacific region (after Japan and China), and the sixth largest worldwide.

The Republic of Korea's economic policies are designed to promote its domestic industry and exports while discouraging imports of some value-added goods. Generally, tariffs, import licences and import procedures all favour the importation of raw materials and industrial equipment rather than finished goods. For instance, the Korean practice of frequently revising applied tariff rates at six month intervals plays havoc with exporters trying to establish long-term business relationships with Korean importers. While there has been some liberalization of import procedures, significant obstacles and rigidities remain.

The Canada-Korea Special Partnership Working Group (SPWG), launched in April 1994, has the objective of increasing co-operation in areas such as trade, investment, industrial co-operation and technology transfer. A subcommittee of the SPWG addresses market access issues. A Committee on Industrial and Technological Co-operation has also been created to further increase co-operation between the private sectors of both countries, initially focussing on manufacturing technology, new materials, biotechnology, environment, energy and telecommunications.

### Market-opening Results in 1998

- In March 1998, Korea removed restrictive labelling requirements for ozonated bottled water.
- In June 1998, Korea agreed to give Canada advance notice of changes to its tariff on alfalfa imports.
- In July 1998, Korea and Canada reached a bilateral government procurement agreement that puts Canadian suppliers of telecommunications equipment on an equal footing with their U.S. and European competitors.

- In July 1998, Korea amended its regulations restricting the use of letters of credit for goods with tariffs of over 10 percent and where the terms for repayment were greater than one year.
- In January 1999, the Korean government announced that the applied tariff on canola oil was reduced from 15 percent to 10 percent for the first six months of 1999. At the same time, the Korean government announced that the applied tariffs for barley and malting barley will be equalized for the first six months of 1999.

### Canada's Market Access Priorities for 1999

- press Korea to maintain their applied tariffs on an open-ended basis and to lock-in tariff reductions;
- initiate a feed seminar which will be held in Korea to demonstrate the nutritive benefits of number of feeds, including feed peas, alfalfa and feed barley;
- attempt to engage Korea in discussions on their TRQ administration;
- continue to make representations on technical bottled water market access problems, such as restrictive government-mandated shelf life requirements and onerous testing requirements;
- continue to press Korean authorities to obtain the necessary approvals for the sale of seal meat in Korea;
- sign the Canada-Korea Telecommunications Procurement Agreement with Korea;
- on alcoholic beverages Canada will monitor Korea's tax changes needed to implement WTO rulings; and
- on investment and services, continue to press for inclusion of recent further financial-sector liberalization as part of Korea's international commitments during the new WTO services negotiations.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Agri-food and Beverage Products

#### Canola Seed and Canola Oil

Canadian canola product exports to Korea are negatively affected by Korean tariff practices in several ways. First, it is impossible for Canadian exporters to provide long term price certainty due to the fact that the applied tariff can not be counted on to remain in effect for more than a six month duration. For instance, although the canola oil tariff was reduced from 15 to 10 percent in January 1999, the Canadian Government will need to encourage Korea not to raise the rate again beyond June 1999. Second, Korea maintains lower tariffs for soybean products than it does for the corresponding canola products despite the fact that these products are interchangeable and compete with each other on price. Korea also favours the use of tariff escalation, i.e., low tariffs on raw materials and higher tariffs on processed goods, as a means of protecting Korean oilseed processors. It is therefore the objective of the Canadian Government to seek permanent tariff elimination for all canola products or tariff harmonization for all oilseed and oilseed products.

#### Tariffs on Feed Peas

Korea's tariff for feed peas is 30 percent. Tariffs for competing feed products are generally less than 5 percent (barley at 1 percent, feed wheat at 1 percent). Canada considers that the current tariff discourages the import of feed peas vis-à-vis other feed imports and is to the detriment of the Korean domestic feed industry. To allow the Korean compounding industry to have access to this alternative feed product, Canada has requested a tariff of no more than 5 percent for feed peas.

#### Soybean Tendering

The tendering system administered by Korea's Agricultural Fishery Marketing Corporation prevents Korean importers from accessing the high-quality, premium-priced tofu-grade soybeans that Canada produces. Korea has a tariff-rate quota for food-grade soybeans, which is administered through international open tender, mainly on the basis of price. This is

an inflexible system that has no provision for price premiums for quality, tendering on small lots or long-term contracting. Canada considers that Korea cannot currently fully supply its soy-processing sector with the required high-quality product and that it would be to the mutual advantage of both countries to provide more options in the administration of imports.

#### Bottled Water

Canadian bottled water exporters have experienced a number of technical barriers in Korea. Our major concern has been with Korea's ban on ozone-treated bottled water. Ozonation treatment is used to maintain bottled water quality. It is widely used by the bottled water industry in Canada, the United States, and other countries. Canada's position has been that there is no scientific basis for Korea's ban. In December 1995, Canada held formal WTO consultations with Korea. As a result, Canada and Korea reached a bilateral settlement in April 1996 whereby Korea agreed to amend the relevant laws and regulations to allow the importation of ozone-treated bottled water. Korea passed its amended legislation in July 1997. Korea then implemented amended regulations a month later. However, the amended regulations created new problems for Canadian exporters by imposing trade restrictive labelling requirements for ozonated bottled water. Following further Canadian representations, Korea amended the regulations in March 1998, finally resolving the ozonation issue. In 1999, Canada will continue to make representations on other technical market access problems, such as restrictive government-mandated shelf life requirements and onerous testing requirements.

#### Seal Meat

Korea maintains an informal import prohibition on seal products and has not yet responded to requests on its certification requirements for imports of seal meat for human consumption. Canada has made numerous representations to Korean authorities since 1995 pointing out that Canadian seals are not endangered and has asked Korea to allow imports.

Korean authorities informed Canada that the importation of seals was liberalized in Korea as

of January 3, 1995. However, they also indicated that before allowing imports they must also consider whether the meat has been traditionally or commonly used for human consumption in Korea. Up to now we have not been able to get clarification as to which Korean Ministry is responsible for the issue despite numerous requests to that effect. Canada will continue to press Korean authorities to obtain the necessary approvals for the sale of seal meat in Korea.

### **Telecommunications Equipment**

On July 22, 1998, Canada and Korea initialled an agreement which guarantees Canadian and Korean suppliers with non-discriminatory access to each other's government procurement opportunities in telecommunications equipment. Canada will provide access for Korean suppliers to the procurement opportunities of specified entities (departments and agencies) of the federal government of Canada. Korea will guarantee access for Canadian suppliers to the procurement opportunities of Korea Telecom (KT).

The major elements of the agreement include specified procurement procedures, bid-challenge, consultation and arbitration procedures. The agreement guarantees Canadian suppliers with the same access to Korea Telecom's procurement as is currently enjoyed by U.S. and EU suppliers under their respective bilateral telecom procurement agreements.

### **Taxes on Alcoholic Beverages**

The European Union, United States, Canada and Mexico contend that Korea maintains a tax regime which discriminates against imported alcoholic beverages. Canada participated in WTO dispute settlement against Korea, to resolve the matter. The WTO Panel and the Appellate Body have both found the Korean tax regime to be WTO-inconsistent, and Korea has stated that it will bring the tax rates into conformity with those rulings.

### **INVESTMENT AND SERVICES**

There has been considerable progress in the liberalization of Korea's foreign investment regime in recent years. A number of Canadian firms have moved forward to take advantage of emerging acquisition opportunities.

Canada supported an investment mission to Korea in November 1998. Activities included: the annual general meeting of the Korean-Canada Business Council, focussing on bilateral trade and investment development issues; a concurrent meeting of the Canada-Korea Industrial and Technological Cooperation Committee; and strong Canadian presence at two Korean trade events - "Technomart'98" and "Newtech'98".

Canada will continue to press for inclusion of recent further financial-sector liberalization as part of Korea's international commitments during the new WTO services negotiations.

## **CHINESE TAIPEI (TAIWAN)**

### **Overview**

In 1998, Canadian goods exports to Chinese Taipei totalled \$1.12 billion. Chinese Taipei ranked 5th among Canada's export markets in the Asia-Pacific region, accounting for 6.2 percent of our total exports to the region. It was Canada's 9th largest market globally. The total value of Canada's merchandise imports from Chinese Taipei in 1998 was \$4.03 billion. The economy of Chinese Taipei remains very dependent on trade. It is a major exporter, as well as a major source of investment for the region, particularly to China and Southeast Asia, and it is growing as an important regional importer. This has given strong impetus to trade and market liberalization, though domestic political pressures continue to lead to protectionist measures affecting agricultural and agri-food imports, as well as the financial services area, for example.

Canada's goal in the WTO accession negotiations with Chinese Taipei has been to secure more open and non-discriminatory access for a wide range of Canadian goods and services. Bilateral negotiations with Chinese Taipei began in 1994. Thirteen rounds later, in late 1997, a tentative conclusion was reached. Only clarifications regarding a few products, plus final verification of Chinese Taipei's offer, remained to be done in terms of bringing our bilateral negotiations to a formal conclusion.

Developments in early 1998, however, led to Canada's re-opening of the bilateral negotiations. In February, as part of the bilateral accession



agreement reached between Chinese Taipei and the United States, Chinese Taipei extended to the United States exclusive access for several meat products. This affected prospects for products that are of strong export interest to Canadian suppliers. The preference favouring the United States was implemented within a few months and will remain in effect until the time of Chinese Taipei's accession. At that point, Chinese Taipei would have to comply with the MFN obligation of the WTO and open up its market for these products to Canada as well as to other WTO Members.

This current problem of incremental discrimination facing Canadian meat products in the Chinese Taipei market must be resolved for Canada to officially conclude the bilateral market access negotiations with Chinese Taipei. Canadian negotiators have met with Chinese Taipei counterparts several times to address this issue. Canada raised the matter of increased discrimination in Chinese Taipei's import regime during the May 1998 Working Party deliberations as well.

A positive development for Canadian exporters in 1998 was Taiwan's reductions in its tariff rates for canola seed (reduced to 3.5 percent) and canola oil (reduced to 6 percent). These reductions, applied on an MFN basis, resulted from Canadian pressure during the accession talks. They were implemented on an interim basis on July 15, 1998 for up to a year, pending legislative approval.

Apart from Canada, Chinese Taipei has now formally concluded its bilateral talks with most of the 26 trading partners with whom negotiations talks were undertaken. As a result, the focus of Chinese Taipei's accession negotiations has turned to the multilateral stage. The Working Party meeting in May 1998 — the first since February 1997 — began discussion of a draft Working Party Report and Protocol of Accession. Canada also participated in an informal, plurilateral meeting of experts in July, that focused on agricultural policy issues as well as subsidies.

As part of its WTO accession, Chinese Taipei has also applied to join the WTO Agreement on Government Procurement. Our bilateral negotiations in this regard continue.

## INDIA

### Overview

The Indian economy has changed dramatically since 1991, when India launched its program of economic reforms and trade and investment liberalization. India's economic growth rate was 6 to 7 percent per year from 1993 to 1998. The fundamentals of the Indian economy are sound and have not been seriously affected to date by the financial problems in East and Southeast Asia. Measures and sanctions against India imposed after its nuclear tests have had little effect to date on the Indian economy. The decision by G8 countries to postpone consideration of IFI loans for other than basic human needs projects may affect Indian infrastructure development in the future. Total Canada-India merchandise trade for 1998 reached \$1.25 billion, with a balance of \$549 million in India's favour. Canadian investment in India is significant, with approved investment of \$125 million in 1997.

Since liberalization began, the Indian government has been steadily lowering tariff rates, from a peak rate of 300 percent in 1991 to a maximum in 1997/98 of 40 percent (with a few exceptions). However, the 1996/97 budget announced a temporary additional 2 percent duty, and in September 1997 another 3 percent temporary duty was added. These duties remain in place, and another 4 percent Special Additional Duty was introduced in the June 1998 budget. Canada has expressed its concern regarding these additional duties, and will pursue this issue, along with other interested countries, at the WTO.

India offers significant opportunities for Canadian trade and investment, particularly in areas of traditional Canadian strength, such as telecommunications, power equipment and engineering, infrastructure development and environmental technology. According to the Economist Intelligence Unit, India will have a US\$700 billion economy and a middle class of 80 million households within 100 months. These opportunities were the inspiration for the successful 1996 Team Canada trade mission to India, during which Prime Minister Chrétien led a group of seven Provincial Premiers, two Cabinet Ministers and 300 business people to boost trade and investment ties.

## Market-opening Results in 1998

- Within the framework of the WTO, and under agreements reached with Canada and several other countries (the European Union, Japan, Switzerland, Australia and New Zealand), India will phase out import restrictions on a wide range of products of interest to Canadian exporters. These import restrictions generally take the form of quantitative restrictions and outright bans on the import of goods covered by about 2700 different tariff items. The restrictions will be removed in three stages, covering the period from April 1997 to March 2003. The first “batch” of items was liberalized in the annual Export-Import Policy in April 1998. India has also committed to phasing out all restrictions on the import of goods covered by the ITA during the first stage.

## Canada's Market Access Priorities for 1999

Despite India's trade and investment potential, several problems remain in gaining access to Indian procurement markets. In general, there is a lack of transparency in decision-making and bid selection, and a decreasing, but continuing, use of wide-ranging import restrictions.

A number of significant Canadian projects depend on economic reforms in the sectors outlined below.

### Telecommunications

Canadian firms continue to have difficulties in penetrating the Indian market for telecommunications goods and services. In the basic and cellular services sector, non-transparent bid methods and additional fees added after the bidding process have frustrated access to the market. However, some of the new fees for basic and cellular services have been reduced or eliminated.

India participated in the GATS basic telecommunications negotiation, essentially binding its existing regime, which provides for the government operator plus one other company in basic telecommunications, and for each region, the government operator plus two private sector firms in cellular telecommunications.

High tariffs (in the 40 percent to 50 percent range) also impeded the ability of Canadian firms' ability to sell in the Indian telecommunications market. Canada

is encouraged that India has joined the ITA with a commitment to eliminate its tariffs on a wide range of information technology products by the year 2005 at the latest.

The introduction of the Telecommunications Regulatory Authority of India (TRAI) in 1997, and the appointment of a task force to develop a new telecommunications policy in India in late 1998 are positive steps in liberalizing Indian's telecommunications sector. Canada, through the CIDA funded telecom framework project (Industry Canada is the executing agency) has assisted India in establishing the TRAI and will support related work by the Department of Telecommunications in connection with spectrum management, the establishment of standards and the resolution of future directions including the commercialization of research and development in communications technology. Canada will continue to monitor developments in India that affect Canadian companies, particularly the transparency of the licensing regime for new carriers and the tariff rates on imports of telecommunications products. The private operator may have foreign equity of up to 49 percent.

### Power

India power production has been increasing by over 6 percent annually in recent years. Despite strong domestic demand for additional power development, and many government proclamations of fast-track projects and one-stop application processing, few private projects have been implemented in the power sector. Further delaying much-needed projects are the current regulatory regime, complicated state-level approvals in addition to that required by the central government, and a lack of transparency in the approvals process. In 1998, the Indian government introduced a number of new policies which, it is hoped, will help move forward new projects. These include the development of Central and State Regulatory Commissions, a new Hydro Policy, a policy for Mega Projects and a Policy on Privatization of Transmission and Distribution, among others. The details of these policies are still in the development phase, and their impact on the power sector is still unknown.

State electricity boards are largely in poor financial condition and will need greater support, major

reforms and/or privatization to help reduce India's significant power-supply shortage. The CIIDA funded energy infrastructure services project is aimed at enhancing the capabilities of personnel and restructuring the state electricity board in Kerala State to make it better able to plan for the development of the power sector. Restrictions in the Indian financial services sector also limit the number of projects that can gain adequate financing. Canada will continue to use every opportunity to advocate further reforms in this sector.

### Financial Services/Insurance

India was a participant in the WTO financial services negotiations which concluded in December 1997. During the negotiations, India made some modest improvements to its financial services offer including the binding of an increased number of bank licences. However, India did not make any significant commitments in the insurance sector, as the Indian government was unable to enact regulatory reform in this area. The Indian insurance sector is completely in the hands of two government-owned monopoly providers of life and general insurance.

The changes necessary to permit private (and foreign) investment in the Indian insurance sector are included in the Insurance Regulatory Authority Bill, which was presented to Parliament in late 1998, but was diverted to a Parliamentary Committee. The Bill is expected to be presented again in early 1999. As Canadian financial institutions consider India's insurance sector, particularly its life insurance sector, a high priority, the Canadian Government will continue to press for regulatory liberalization in this sector.

### Agricultural and Manufactured Goods

India maintains a large number of restrictions related to balance-of-payments ("negative list"), affecting both agricultural and manufactured goods. The list includes banned items (for example, offal and animal tallow) and restricted items that require an import licence. A large number of items were removed from this list in the 1997 budget. In 1998, the first tranche of items from the bilateral agreements were removed from the import restrictions, and later in 1998 a number of other agricultural goods were freed, including many oil seeds. The entire 14.4 percent customs duty on import of peas/pulses was removed effective November 23, 1998. The special additional

duty (SAID) of 4 percent on imports of edible oils has been withdrawn. An estimated 2,000 tariff items remain restricted. As mentioned above, India has agreed to gradually phase out these restrictions by 2003. Canada will monitor the process.

In 1998, Canadian Government officials held discussions with the Indian government on the issue of access for Canadian live cattle, live embryos and bovine semen, with a resolution of Canadian concerns possible before the end of 1999.

The non-transparent licensing system lends itself to inconsistent decisions and circumvention. The purported intent of this system is to protect Indian companies in sensitive sectors such as agriculture and food. The effect of these policies on the Indian economy is to permit both public- and private-sector domestic firms to operate inefficiently, with little or no competition, and to limit the quality and quantity of goods available to Indian consumers. Tariffs remain high on many food and consumer items.

### INVESTMENT

Foreign direct investment (FDI) in India has grown considerably since reform began in 1991, from less than \$300 million in 1992/93 to more than \$3.2 billion in 1997/98. A number of changes have been made to the investment approval process over that period of time. Automatic approval is given by the Reserve Bank of India for FDI up to 74 percent of equity for 9 categories of industries, up to 51 percent for 48 categories, and up to 50 percent of equity for 3 categories. For those foreign investment proposals that require approval, they will be reviewed by the Foreign Investment Promotion Board, generally within 4 to 6 weeks.

Up to 100 percent foreign ownership is permitted for certain areas, including export-oriented firms, energy, high technology and infrastructure, but approval for such ownership is not guaranteed. The procedures for obtaining investment approvals are often non-transparent.

A foreign investor can own a property for use in carrying out business transactions only with the permission of the Reserve Bank of India or state industrial development corporations. Generally, foreign investors must bring foreign exchange into the country for purchase or rental of property. Neither rental income nor the proceeds from

a property sale can be remitted outside India at any time, unless the investor is a non-resident national or a person of Indian origin. Legislation for the protection of intellectual property, particularly patents in areas of interest to Canadian investors, is weak. However, India decided in 1998 to accede to the Paris Convention and the Patent Cooperation Treaty, and is considering further changes in Indian law regarding protection of intellectual property.

Canada is negotiating a Foreign Investment Protection Agreement with India which will address these issues and should over time create a more stable investment climate.

## SOUTHWEST ASIA

The Asian financial crisis has had a significant impact on all ten economies of Southeast Asia and will affect our trading relationship in the short to medium term. As a grouping, in 1998, Southeast Asia accounted for \$1.83 billion of Canadian merchandise exports (a 37.2 percent decline from 1997) and \$6.54 billion of imports (a 7.8 percent increase). Our goal is to position Canadian business for a revival of a highly competitive Southeast Asia over the next 3 to 5 years. The ten countries of Southeast Asia are: Indonesia, Malaysia, the Philippines, Singapore, Thailand, Vietnam, Brunei, Burma (Myanmar), Cambodia and Laos.

## INDONESIA

### Overview

In 1998, the value of Canada's merchandise exports to Indonesia was \$507 million and the total value of our imports \$921 million. Services exports to Indonesia account for about an additional \$200 million annually. Since the economic crisis has gripped Indonesia, our 1998 merchandise exports declined by 35 percent over the previous year. However, a far-reaching economic reform program, negotiated in the context of Indonesia's program with the International Monetary Fund (IMF), has led to significant liberalization of cross-border measures that should have the effect of providing much better access for Canadian traders and investors.

## Market-opening Results in 1998

- Special tax and customs considerations for the National Car Programme were cancelled.
- Restrictive marketing arrangements on cement, paper and plywood were abolished.
- Import tariffs on a large number of chemical products were reduced to 5 percent.
- The number of products requiring an import license have been reduced.
- Canadian investors are now in a position to own up to 100 percent of Indonesian banks, rather than the previous cap of 85 percent.
- Non-food agricultural tariffs have been reduced.
- Agricultural tariffs have been reduced to maximum of 5 percent on all (about 500) food items.

## Canada's Market Access Priorities for 1999

- maintain equitable access for wheat sales, especially in the face of aggressive, government support and competition from U.S. suppliers;
- continue to encourage the Indonesian government to ensure that Canadian exporters do not face increased costs due to improper delays or unnecessary fees at Indonesian ports. Multilateral trade facilitation efforts (especially within APEC) can be of crucial assistance in this regard; and
- closely monitor Indonesia's follow through on commitments it has made under the IMF Programme of Economic and Financial Reform and Restructuring.

## INVESTMENT

Indonesia has not yet concluded negotiations with Canada for a Foreign Investment Protection Agreement (FIPA). The Indonesian system requires that all proposed foreign investments (except those in the oil and gas, and many mineral sectors), must receive approval from Indonesia's Investment Co-ordinating Board — BKPM. While BKPM procedures continue to improve and more sectors are open to foreign investment, Canadian firms still face time consuming procedures and delays in obtaining investment approvals. Canadian government officials will continue to represent Canadian interests their advocacy efforts in order to ensure that Canadian investment in these sectors meets a conducive environment.

## MALAYSIA

### Overview

In 1998, Canadian exports to Malaysia were \$421 million and imports totalled \$2 billion. Malaysia has a relatively open, market-oriented economy and Canadian exporters have not faced major market access barriers. The government has announced a temporary relaxing of foreign ownership restrictions, a "special deal" where there are no restrictions on foreign ownership for companies investing before December 31, 1999. Companies previously had to export over 80 percent of their product in order to have 100 percent foreign ownership, otherwise there were requirements for 50 percent Malaysian ownership, 30 percent of which had to be Bumiputra (Malays).

In September 1998, in a significant step away from free market policies, Malaysia imposed exchange control measures – mainly aimed at securities traders – which carry with them a regulatory regime which exporters, importers, other business people and travellers must also confront.

### Canada's Market Access Priorities for 1999

- monitor intellectual property legislation newly implemented to assist in the development of the Multimedia Super Corridor, (problems still exist in terms of enforcement of copyright and intellectual property laws); and foreign exchange control measures implemented in September 1998 for their impact on Canadian companies;
- advocate restructuring and recapitalizing of Malaysian financial institutions, which may open up opportunities for Canadian financial institutions; and
- press for an end to the new "Buy Malaysian" policies of the government, and other effects on Canadian marketing abilities.

## THE PHILIPPINES

### Overview

In 1998, Canadian merchandise trade with the Philippines was significantly affected by the global economic crisis, with exports declining 57 percent to \$181 million. Imports were up 32 percent totalling \$958 million. Over the course of recent years, the

Philippines has become a market for a wide range of Canadian goods and services, including agri-food items; machinery and equipment; fertilizers and other commodity products; financial, engineering and other business and professional services. During the administration of President Ramos (ending mid-year 1998), a program of deliberate and widespread trade and economic liberalization was pursued. This is being continued under the administration of new President Estrada.

### Market-opening Results in 1998

- Negotiation of a new sanitary import protocol providing new access for Canadian horse meat.
- Maintenance and updating of existing sanitary import protocols ensuring continued market access for Canadian pork, beef, poultry, boar semen, and bovine embryos, and the negotiation of a new export certificate for Canadian pet food.
- Negotiation of an audio-visual co-production agreement allowing for the use of shared resources and benefits in making of films, television, radio, video and multimedia programmes.
- Conclusion of a Memorandum of Understanding between the Information Technology Foundation of the Philippines and the Information Technology Association of Canada.
- Resolution of a dispute over the customs valuation of a third shipment of dental anaesthetics, a resolution which should prevent future disputes.

### Canada's Market Access Priorities for 1999

- ensure that any revision to the Philippines' meat import regime does not affect adversely existing Canadian export potential and opportunities;
- continue to work toward a mutually acceptable phytosanitary protocol for the entry of Canadian seed potatoes;
- advocate continued efforts by the Philippines government in the direction of trade and economic liberalization leading to less government involvement and greater regulatory transparency and openness;
- work to reach an agreement on acceptable procedures and documentation for the approval and safeguarding of nickel powder type 123 exports from Canada; and

- advocate and monitor Philippine progress in ratifying the instrument of acceptance to the WTO Agreement governing foreign participation in telecommunications.

## SINGAPORE

### Overview

With one of the world's freest economies, there are few barriers to Canadian exports in Singapore. In 1998 merchandise trade between Canada and Singapore dipped 8 percent to \$1.55 billion, with Canadian exports down 27 percent to \$374 million and imports from Singapore holding steady at \$1.18 billion. However, Singapore continues to offer tremendous opportunities for Canadian exports of goods, services, and technologies. Already the region's premier transportation hub, Singapore is investing heavily in positioning itself as a telecommunications and financial hub, and is devoting a large part of its budget to health and education.

### INVESTMENT

Singapore is the third largest Asian source of inward foreign direct investment to Canada which totalled \$238 million in 1997, with an additional \$1 billion in Canadian Government bonds and other securities. In 1997, Canadian direct investment in Singapore was valued at \$2.26 billion. Most of this is in the form of regional offices, with Canadian investment primarily in the service sectors, notably banking and other financial services.

### Canada's Market Access Priorities for 1999

- consider re-entering air services negotiations with Singapore with a view to expanding available air links between our countries.

## THAILAND

### Overview

Until recently, Thailand was one of the fastest growing economies in the world. In July 1997, however, the economic crisis resulted in a 50 percent decline in the value of the Thai baht against the U.S. dollar, a change of government, and an austere IMF rescue

package of US\$17.5 billion accompanied by a wide array of spending cuts. Although Thailand faces serious challenges, its medium to long-term prospects remain positive, particularly with additional reform legislation.

In 1998, Canadian exports to Thailand totalled \$283 million (down 37 percent from 1997), while Thailand exported \$1.27 billion (up 8 percent) to Canada. The 300-member Thai-Canadian Chamber of Commerce in Bangkok attests to the strong bilateral commercial interest.

### Market-opening Results in 1998

Many importers, both Thai and foreign, charge that the Thai Customs Department procedures are a barrier to trade because of demands for unrecorded cash at each of the many steps in the clearance procedure. Failure to produce this money can result in damaging delays. The regulations are not made clear to importers, and are reported to be unevenly applied.

During 1997, the Thai government undertook to enact some customs reforms. Although arbitrary customs valuation procedures continue to be a barrier to imports, there are signs of improvement in the situation. The Thai Customs Department has begun the installation of an electronic data interchange (EDI) system, and a training program for personnel to run it is under way. It is expected that this will reduce the number of discrete opportunities for corrupt practices. The EDI is in the keeping of a semi-public corporation, the Trade Siam Company, which was incorporated during the closing months of 1997. Over 1998, the Joint Foreign Chambers of Commerce have reported a steady but slow improvement in clearance procedures.

### Canada's Market Access Priorities for 1999

- work to mitigate the impact of the Alien business law, especially work permit problems, visa requirements, and freeing executives from criminal prosecution for book keeping errors;
- seek to address the limit on foreign equity investment in joint ventures at 49 percent;
- fast track approvals for regional headquarters operations establishing in Bangkok;

- work to eliminate countertrade requirements on government procurement projects over Baht 500 million (\$25 million), which create transparency problems;
- ensure full implementation and enforcement of intellectual property rules in accordance with its WTO obligations;
- seek the deletion of local content rules on autos and parts, which prevent foreign parts suppliers from fully participating in the auto industry; and
- seek the reduction of escalating tariffs on Canadian paper products and continued high tariffs on beer and spirits.

## VIETNAM

### Overview

Canada's exports to Vietnam in 1998 totalled some \$53 million (up 5.7 percent from 1997). These numbers are quite modest because Vietnam's GDP is only US\$300 per capita, and Vietnam is dependent on large amounts of aid (US\$2.4 billion in 1998) from the international donor community. In addition, Vietnam has not yet reformed its market to allow increased trade and FDI. Vietnam's trade policy regime is being examined by the WTO Working Party which oversees their accession process. Since Vietnam's initial Memorandum circulated in October 1996 needed substantial revision, the review process only got under way in 1998. Two Working Party meetings have been held, allowing Canada to emphasize the need for transparency. The Vietnamese accession will be a long and arduous process as Vietnam's legal framework is in contradiction with many of their future WTO obligations. Canada will continue to work to ensure that Vietnam meets its obligations under APEC and in future WTO.

### Market-opening Results in 1998

Vietnam is not an easy market in which to do business. Traditionally it has been a closed economy, which along with its communist philosophy and overwhelming bureaucracy means that any sale amounts to being a market access accomplishment. The most important development in 1998 was gaining access to the Vietnam market for Canadian grain worth \$9 million as well as for fertilizers.

### Canada's Market Access Priorities for 1999

- continue to press for the Vietnamese government permits to be issued for Canadian financial service institutions to operate effectively in the country; and
- advocate (including through APEC and through the accession process under the WTO) maximum Vietnamese efforts to open the market to the free flow of goods and services and to see a more accommodating foreign investment regime.

## 7. *Opening Doors to Other Key Markets*

### AUSTRALIA

#### Overview

Australian imports from Canada were down 1.5 percent to \$934 million in 1998, while Canadian imports from Australia climbed 9.3 percent to \$1.29 billion for a two-way total of \$2.23 billion. Canadian sales successes in Australia continue to be oriented toward fully manufactured goods, a pattern closer to that of the United States than of any other Asia Pacific market.

There are natural affinities between Canada and Australia arising from similar legal and regulatory systems, comparable federal structures and a trading relationship reaching back over 100 years. Most trade between the two countries takes place at MFN rates, including substantial amounts at duty-free rates.

As of July 1, 1998, most MFN applied rates were at, or below, 5 percent. However, some tariff peaks reaching into the 25 percent to 30 percent range remain, e.g., passenger motor vehicles, textiles, clothing and footwear. Some important non-tariff measures have an impact on market access, especially the tough sanitary and phytosanitary requirements imposed by the Australian Quarantine and Inspection Service. Most fisheries, meat, livestock, fruit, vegetable and food product imports face restrictive measures, ranging from prior approval and lengthy time delays in quarantine (e.g., Canadian dairy and beef breeding stock, and ostriches) to outright bans (fresh, chilled and frozen salmon). Other measures affecting access for Canadian goods and services include product standards; government procurement practices (which vary from sector to sector, and from Commonwealth to state levels); and trade-remedy laws (Australia is among the most active users of anti-dumping and countervailing duty statutes).

#### Market-opening Results in 1998

- November 1998, the WTO Dispute Settlement Body adopted the WTO Panel and Appellate Body reports confirming Canada's position that Australia's ban on imports of salmon from Canada violates Australia's WTO obligations.
- In January 1999, Australia announced that it would refrain from taking trade restrictive action on imports of pig meat.

## IMPROVING ACCESS FOR TRADE IN GOODS

### Salmon

Since 1975, Australia has prohibited the importation of fresh, chilled and frozen salmon due to alleged fish health concerns. Canada's position is that there is no scientific basis for the ban.

At Canada's request, on April 10, 1997, the WTO DSB established a dispute settlement panel. On June 12, 1998, the Panel issued its final report which found that Australia's measure is inconsistent with the WTO Agreement on the Application of Sanitary and Phytosanitary Measures (SPS Agreement), and recommended that the DSB request Australia to bring its measure in dispute into conformity with its obligations under the SPS Agreement. On July 22, Australia appealed the Panel's report. The Appellate Body set up to review Australia's appeal released its report on October 20 and also found Australia's measure to be inconsistent with the SPS Agreement. On November 6, the DSB adopted the WTO Panel and Appellate Body reports. WTO rules provide that a Member has a reasonable period of time to bring its measure into compliance with its WTO obligations. In past WTO cases, this time period has been held generally to be no more than 15 months from the date of adoption of the reports.

### Pork

Canadian pork exports to Australia have been hampered by numerous market access problems in recent years.

At the technical level, Canadian pork exports remain subject to stringent quarantine controls. In January 1993, Australia imposed controls on fresh, chilled and frozen pork from Canada, based on alleged animal-health concerns. These controls effectively ban the importation of Canadian fresh, chilled and frozen pork for retail sale, but do allow the importation of Canadian pork for processing, based on cooking requirements on arrival in Australia. Canada continues to make representations objecting to these stringent quarantine controls on grounds that they are unnecessarily trade restrictive.

On January 22, 1999, the Government of Australia formally announced that it would not be taking any trade restrictive action on imports of pig meat. The announcement was its response to the November 25, 1998 Report by the Productivity Commission. The Commission, following its safeguard investigation regarding imports of pig meat, almost all of which is imported from Canada, had reported that a safeguard measure could be justified. In the latter part of 1998, Canada made extensive representations to Australian authorities.

## ISRAEL

Two years into the Canada-Israel Free Trade Agreement (CIFTA), bilateral trade between the two countries is increasing steadily. Two-way trade in goods expanded to nearly \$629 million in 1998, an increase of 16 percent from 1997. Canadian firms continue to make strong gains in such priority sectors as telecommunications; transportation; agri-food; construction equipment; and pulp and paper. Telecommunications, in particular, has seen increased investment activity by Canadian firms.

The most significant factor in increased trade between the two countries is the removal of virtually all tariffs on industrial products, and the reduction of tariffs on many agriculture and agri-food products. As provided for under the CIFTA, Canada expects to engage in discussions with Israel in 1999 to liberalize further bilateral trade in agriculture and agri-food products. These discussions were launched at a "Trade Commission" meeting between Minister Marchi and his Israeli counterpart during a February business development mission to the region. Canadian producers and exporters have advised the Government that priority areas where Canada should seek to improve access to the Israeli market include fish, fresh and frozen fruit and vegetables, and prepared frozen foods.

## WEST BANK & GAZA STRIP

Canada is committed to providing the same preferential trade terms to goods originating from the West Bank and Gaza Strip as goods that originate from

Israel. Canada and the Palestinian Authority have recently completed successful negotiations on an instrument to promote our trade and investment relations. The "Joint Canadian-Palestinian Framework on Economic Cooperation and Trade" will improve market access and customs procedures, while supporting the emerging industries in this market.

Advances in the Middle East Peace Process will simplify the movement of goods in and out of the West Bank and Gaza. The opening of the Gaza International Airport provides a new window for exporters to Gaza and to other Arab neighbours.

### SAUDI ARABIA

Multilateral negotiations regarding Saudi Arabia's accession to the WTO began in May 1996. Canada's underlying objective in both the bilateral and multilateral negotiations is to secure reform and market access commitments that are commensurate with Saudi Arabia's role in global trade and investment, and its importance to Canada as our largest export market in the Middle East with \$305 million worth of merchandise exports in 1998. Canadian FDI in Saudi Arabia is \$6 million, and investment potential is high, given Saudi Arabia's announcement of new investment requirements in the area of power generation/transmission (\$160 billion over the next 25 years), telecommunications (\$8 billion over the next 10 years) and natural gas (\$5.5 billion over the next five years).

The WTO Working Party on Saudi Arabia's accession is continuing its full examination of Saudi Arabia's foreign trade regime. The fifth Working Party meeting was held in November 1998 to discuss concerns that Members still have in areas such as technical barriers, customs valuation and Saudi Arabia's agriculture regime. Canada-Saudi Arabia market access negotiating sessions were held in February and November 1998. In general, progress in the accession remains slow: bilateral negotiations, for example, are still at an early stage. Responding to pressure from Canada and other WTO Members, Saudi Arabia presented revised market access offers for goods and services; however, neither offer would provide Canadian exporters with real market access gains. Canada will continue to press for lower tariff rates in key agricultural and industrial exports such

as grains, fish, wood and automotive products. Canada is also seeking Saudi Arabian acceptance of existing zero-for-zero agreements, the ITA and the Pharmaceutical Agreement; full binding of its tariff offers; and membership in the Agreement on Government Procurement. On services, Canada is seeking more open and predictable access for its service providers in key sectors such as telecommunications, professional services, a broad range of financial services, and other business services. In terms of horizontal services commitments, Canada would like to see improvements in the Saudi Arabian services offer regarding the permitted types and level of foreign commercial presence and the ability of persons either as individuals or representatives of Canadian service firms to enter Saudi Arabia on a temporary basis to provide services. Both bilateral and Working Party negotiations will continue in 1999, with much work still to be done before Saudi Arabia will be in a position to accede to the WTO.

### SOUTH AFRICA

South Africa remains Canada's top trading partner in Sub-Saharan Africa. In 1998, Canadian merchandise exports to that market totalled \$296 million, 18 percent below the 1997 level. Canada has extended the General Preferential Tariff to South Africa since 1994. In 1998, Canada imported \$514 million from South Africa. This represents a 3.3 percent increase over 1997.


Over the past year, the major development in our bilateral trade relations was the signature of the Canada-South Africa Trade and Investment Co-operation Arrangement (TICA). This arrangement was signed in September by International Trade Minister Sergio Marchi and South African Finance Minister Trevor Manuel. The signature took place at a ceremony in Ottawa, witnessed by Prime Minister Chrétien and President Mandela.

The TICA provides a framework for enhanced dialogue on trade and investment matters, both bilateral and multilateral. It establishes a Consultative Group, led at the senior officials level, which will meet every eighteen months. The Consultative Group will review trade and investment opportunities and address market access difficulties that may

be raised by either party. The TICA also establishes a framework for further training of South African trade policy specialists. With WTO negotiations resuming in agriculture, services and perhaps more broadly, and given South Africa's ongoing trade talks with the EU and with its Southern African Development Community neighbours, the TICA consultations will provide a forum in which to enhance our cooperation on multilateral trade issues and to learn first-hand about developments that could affect Canadian trade and investment interests in South Africa.

Canada has also signed a Foreign Investment Protection Agreement (FIPA) with South Africa. Any remaining outstanding issues respecting this Agreement are expected to be resolved shortly and it is anticipated that the FIPA will be in force in 1999.

In 1997, Canada hosted a training course for South African officials comprised of trade policy consultations between senior South African officials and their Canadian counterparts and temporary placements for the South African officials within Canada's Department of Foreign Affairs and International Trade divisions.



## 8. *Summary of Market-Opening Results in 1998*

### WORLD TRADE ORGANIZATION

- The WTO's focus of attention moved somewhat from the creation, toward the implementation, of fair trading rules to liberalize and facilitate trade.
- Canada and the other ITA participants began a review of the ITA with a view to broadening it. Panama joined the ITA.
- Canada worked with other members of the WTO Agreement to Eliminate Duties on Specified Pharmaceutical Products to extend duty-free trade to more products, including inputs. This effort met with success, and 639 additional items were agreed. Implementation is scheduled for July 1, 1999.
- In November 1998, APEC members agreed to send the results of their work on sectoral trade liberalization to the WTO. Canada will seek to expand participation in the WTO for this initiative.
- Canada accepted the Fifth Protocol to the GATS on trade in financial services on January 18, 1999.
- The GATS Agreement on Basic Telecommunications (ABT) came into effect on February 5, 1998. By November 1998, specific commitments regarding market access, national treatment, and the application of pro-competitive regulatory principles were undertaken by all 89 participants to the ABT.
- The WTO's Council for Trade in Services adopted, on December 14, 1998, the Disciplines on Domestic Regulation in the Accountancy Sector.
- Both the WTO and the FTAA launched work programmes to examine trade-related aspects of electronic commerce.
- Canada was an active user of the WTO dispute settlement system, initiating proceeding to advance Canadian interests in the fishing, mining and aerospace sectors.
- The Kyrgyz Republic and Latvia acceded to the WTO on December 20, 1998 and February 10, 1999 respectively.

## UNITED STATES

- On December 4, 1998 Canada and the United States agreed to a wide range of measures to address longstanding issues in agricultural trade and to a schedule of high-level bilateral meetings designed to deal with issues of concern before they become irritants.
- On November 30, 1998 Canada and the United States agreed to the implementation of a nation-wide intransit preclearance program in Canada, which builds on the success of Open Skies. Under this initiative, all Canadian airports with existing U.S. preclearance facilities will be eligible for intransit preclearance services which will streamline processing of passengers travelling from Asia and Europe through Canada to the United States. Vancouver, Toronto and Montreal (Dorval) will be eligible for intransit preclearance in 1999. Calgary intends to follow in 2001. Edmonton, Ottawa and Winnipeg would be eligible after 2001.
- Canada and the United States have initiated compliance seminars, conducted in Canada by U.S. Customs and the U.S. Food and Drug Administration in partnership with Canadian officials, to inform Canadian exporters of U.S. regulatory requirements.
- The state of Michigan agreed to delay full implementation of its Single Business Tax (SBT) broader application to Canadian companies. Consultations on the implementation of the SBT will take place in 1999 and include business communities from both sides of the border.
- Twice in 1998, and again on Feb 1, 1999, President Clinton exercised his discretion to suspend the right to bring action under the Title III of the Cuban Liberty and Democratic Solidarity (LIBERTAD) Act (also known as the Helms-Burton Act) against current investors in property expropriated by the Cuban government.

## MEXICO

- Implementation, on 1 August 1998, of a second round of accelerated tariff reductions covering some US\$1 billion in NAFTA trade including \$25 million in Canada-Mexico bilateral trade.

- Conclusion of a new agreement which allows for the resumption of Canadian seed potato exports to Mexico.
- Elimination of Mexico's phytosanitary permit requirements which had caused delays for imports of Canadian grains.
- New opportunities for Air Services between the two countries were created as a result of an agreement on code-sharing.

## FREE TRADE AREA OF THE AMERICAS

- In March 1998, Trade Ministers of the 34 participating countries issue a Joint Declaration outlining key objectives and principles for an FTAA.
- Nine negotiating groups and three consultative bodies created.
- Canada selected to chair the FTAA negotiations through the first 18 months. In this capacity, Canada chairs the Trade Negotiations Committee (TNC) of Chief Negotiators.
- In April 1998, FTAA negotiations officially launched by leaders.
- In June 1998, TNC establishes work programmes for the nine negotiating groups and three consultative bodies.
- In September and October 1998, the nine negotiating groups and three consultative bodies hold first meetings to organize their work.
- In December 1998, TNC reviews the work of the negotiating groups and consultative groups and makes progress on business facilitation.
- Selection of a Canadian to serve as Director of the FTAA Administrative Secretariat in Miami.

## EUROPEAN UNION

- Signature and implementation of the Canada-EU MRA on conformity assessment for regulated products in May 1998 will reduce costs and facilitate market access in Europe for Canadian producers of telecommunications terminal equipment, IT equipment, electrical equipment, medical devices, pharmaceuticals and recreational boats.
- Signature in December 1998 of an agreement on veterinary equivalency (health requirements

applicable to trade in animals, fish and animal/fish products) will provide a mechanism for the mutual recognition of equivalency of Canadian and EU inspection and certification requirements.

- Signature in December 1998 of an amendment to the Canada-EU Agreement on Cooperation in Science and Technology, to extend coverage of the agreement from a positive list of nine sectors to all sectors including biotechnology.
- Signature in December 1998 of an agreement to permit co-operative research by Canadian and European consortia in the field of peaceful use of nuclear energy.
- Completion of negotiations on an agreement permitting information exchange and co-operation by Canadian and EU authorities in the area of competition policy and law.
- In November 1998, the EU modified its grain import regime, to allow for a reduced duty on lower grades of Canadian durum wheat.
- On January 1, 1999, the EU over-quota tariff on newsprint was reduced from 3.5 percent to 2.5 percent.

## APEC

- Produced an updated *Blueprint for APEC Customs Modernization: Working with Business for a Faster, Better Border*.
- Commenced work on an APEC Directory on Professional Services.
- Continued to update the *APEC Guidebook on Investment Regimes*, which is now published on the Internet.
- Advanced work on an updated *Guide to Arbitration and Dispute Resolution* in member economies.
- Developed a website on APEC members' customs procedures.
- Agreed to additional priority areas for alignment with international standards in the fields of electrical and electronic equipment in respect of safety and electromagnetic compatibility by 2004/2008.
- Completed a Mutual Recognition Arrangement for Telecommunications Equipment.
- Developed a Mutual Recognition Arrangement on Automotive Products.

- Produced an *APEC Blueprint for Action on Electronic Commerce*.

## JAPAN

- In June 1998, the Ministry of Construction enacted legislation which will substantially move the Building Standards Law towards a performance-based system.
- The Japan Agricultural Standards (JAS) Policy Committee report of October 20, 1998, included many recommendations which should benefit Canadian exporters, for example, calling for privatization of grading and inspection services, and urging further consideration of international harmonization of standards. The Ministry of Agriculture, Forestry and Fisheries (MAFF) is now acting upon the recommendations in this report, including those requiring legislative changes, scheduled to be effected in 1999.
- As requested by Canadian exporters, MAFF began the process of revising the JAS structural plywood standard to accommodate softwood veneers in Class 1 plywood and to accommodate the shift to performance-based standards.
- An employee of the Japanese Ministry of Construction was assigned to Canada to participate in the evaluation and development of new standards that can be applied in Japan, resulting in improved and faster access of Canadian building products to the Japanese market.
- Japan offered to facilitate approval for the use of Canadian nails in the construction of prefabricated buildings for shipment to Japan, provided Canada demonstrates that its nail manufacturers meet Japan Industrial Standards or produces equivalent strength data. Such a change could reduce the cost and difficulty for small and medium-sized firms to market prefabricated buildings in Japan.
- Japan accepted Canadian National Lumber Grading Association standards for finger-jointed and machine stress-rated lumber. Progress is anticipated in approval of a similar application for oriented-strand board.
- Japanese investor and policy holder insurance schemes in both the securities and life insurance sectors have been adjusted to protect foreign financial institutions, who wish to enter the Japanese market, against past liabilities arising

from the current difficulties in Japan's domestic financial sector.

- The Japanese Ministry of Health and Welfare approved four more transgenic varieties of Canadian canola, in addition to the six varieties already approved in 1996 and 1997.
- Canadian exports of distilled spirits have more than doubled. The increase follows the introduction of lower tariffs and excise taxes as a result of Japan's obligations stemming from the WTO panel on its liquor-tax regime.

## KOREA

- In March 1998, Korea removed restrictive labelling requirements for ozonated bottled water.
- In June 1998, Korea agreed to give Canada advance notice of changes to its tariff on alfalfa imports.
- In July 1998, Korea and Canada reached a bilateral government procurement agreement that puts Canadian suppliers of telecommunications equipment on an equal footing with their U.S. and European competitors.
- In July 1998, Korea amended its regulations restricting the use of letters of credit for goods with tariffs of over 10 percent and where the terms for repayment were greater than one year.
- In January 1999, the Korean government announced that the applied tariff on canola oil was reduced from 15 percent to 10 percent for the first six months of 1999. At the same time, the Korean government announced that the applied tariffs for barley and malting barley will be equalized for the first six months of 1999.

## INDIA

- India announced its intention to phase out import restrictions on a wide range of products. Restrictions will be removed in three stages. The first "batch" of items was liberalized in the annual Export-Import Policy in April 1998. India has also committed to phasing out all restrictions on the import of goods covered by the ITA during the first stage.

## INDONESIA

- Special tax and customs considerations for the National Car Programme were cancelled.
- Restrictive marketing arrangements on cement, paper and plywood were abolished.
- Import tariffs on a large number of chemical products were reduced to 5 percent.
- The number of products requiring an import license has been reduced.
- Canadian investors are now in a position to own up to 100 percent of Indonesian banks, rather than the previous cap of 85 percent.
- Non-food agricultural tariffs have been reduced.
- Agricultural tariffs have been reduced to maximum of 5 percent on all (about 500) food items.

## THE PHILIPPINES

- Negotiation of a new sanitary import protocol providing new access for Canadian horse meat.
- Maintenance and updating of existing sanitary import protocols ensuring continued market access for Canadian pork, beef, poultry, boar semen, and bovine embryos, and the negotiation of a new export certificate for Canadian pet food.
- Negotiation of an audio-visual co-production agreement allowing for the use of shared resources and benefits in making of films, television, radio, video and multimedia programmes.
- Conclusion of a Memorandum of Understanding between the Information Technology Foundation of the Philippines and the Information Technology Association of Canada.
- Resolution of a dispute over the customs valuation of a third shipment of dental anaesthetics, a resolution which should prevent future disputes.

## THAILAND

- The Thai Customs Department began the installation of an electronic data interchange (EDI) system. It is expected that this will reduce the number of discrete opportunities for corrupt practices.

## VIETNAM

- Canada gained access to the Vietnam market for grain and fertilizers.

## AUSTRALIA

- In November 1998, the WTO Dispute Settlement Body adopted the WTO Panel and Appellate Body reports confirming Canada's position that Australia's ban on imports of salmon from Canada violates Australia's WTO obligations.
- In January 1999, Australia announced that it would refrain from taking trade restrictive action on imports of pig meat.

## 9. Glossary of Terms

**Accession:** The process of becoming a contracting party to a multilateral agreement such as the WTO. Negotiations with established WTO contracting parties, for example, determine the concessions (trade liberalization) or other specific obligations a non-member country must undertake before it will be entitled to full WTO membership benefits.

**Applied Tariffs:** An applied tariff is the rate of duty actually in effect at the border.

**Anti-Dumping (AD):** Additional duties imposed by an importing country in instances where imports are priced at less than the "normal" price charged in the exporter's domestic market and are causing material injury to domestic industry in the importing country.

**APEC:** Asia Pacific Economic Cooperation forum. APEC comprises 21 countries around the Pacific Rim that seek further Asia Pacific economic co-operation. Members are Australia; Brunei; Canada; Chile; China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Singapore; Chinese Taipei (Taiwan); Thailand; the United States; Vietnam.

**Binding:** A nation's commitment to maintain a particular tariff level or other legal restriction, i.e., binding it against increase or change.

**Built-in Agenda:** Refers to a set of activities to be undertaken in the WTO at different times in the future, including reviews and further negotiations, which are already inscribed in the various agreements annexed to the WTO Agreement, plus a series of activities that originate in ministerial decisions or declarations adopted along with the Final Act of the Uruguay Round at the Marrakesh Ministerial Meeting in April 1994.

**Cairns Group:** A coalition of fifteen agricultural exporting countries (Australia, New Zealand, Argentina, Brazil, Uruguay, Chile, Colombia, Thailand, the Philippines, Indonesia, Malaysia, South Africa, Fiji, Paraguay and Canada) that develops proposals on agriculture during the Uruguay Round.

**Canada-EU Action Plan:** Signed on December 17, 1996, the Action Plan is designed to strengthen Canada-EU relations and consists of four parts: Economic and Trade Relations, Foreign Policy and Security Issues, Transnational Issues, and Fostering Links.

**CCFTA:** Canada-Chile Free Trade Agreement. Implemented July 5, 1997.

**CIBS:** *Canada's International Business Strategy.* A blueprint consisting of a series of international business strategies spanning 27 key industry sectors. Created to ensure government international strategies and initiatives reflect the real needs of Canadian industry.

**CIFTA:** Canada-Israel Free Trade Agreement. Implemented January 1, 1997.

**CITT:** Canadian International Trade Tribunal. A body responsible under Canadian legislation for findings of injury in anti-dumping and countervailing duty cases and the provision of advice to the Government on other import issues.

**Countervailing Duties (CVD):** Additional duties imposed by the importing country to offset government subsidies in the exporting country, when the subsidized imports cause material injury to domestic industry in the importing country.

**Dispute Settlement:** Those institutional provisions in a trade agreement which provide the means for settling differences of view between the parties.

**EFTA:** European Free Trade Association. When founded via the Stockholm Convention in May 1960, there were 7 members. Since its foundation the composition changed as new members joined and others acceded to the EU. Currently, there are four members: Iceland, Norway, Switzerland, and Liechtenstein.

**Expropriation:** The seizure of private property by a foreign government without just or reasonable compensation.

**Foreign Direct Investment:** The funds committed to a foreign enterprise. The investor may gain partial or total control of the enterprise. An investor who buys 10% or more of the controlling shares of a foreign enterprise makes a direct investment.

**FTA:** Free Trade Agreement. In particular, the Canada-U.S. Free Trade Agreement that entered into force on January 1, 1989.

**FTAA:** Free Trade Area of the Americas. Proposed agreement between 34 countries of the Western Hemisphere to create a Free Trade Area by 2005, launched in Miami in December 1994.

**GATS:** General Agreement on Trade in Services. The first set of multilaterally-agreed and legally-enforceable rules and disciplines ever negotiated to cover international trade in services.

**GATT:** General Agreement on Tariffs and Trade. Since 1947, the multilateral institution overseeing the global trading system. Superseded by the WTO in January 1995.

**GDP:** Gross Domestic Product. The total value of goods and services produced by a country.

**Intellectual Property:** A collective term used to refer to new ideas, inventions, designs, writings, films, etc. and protected by copyright, patents, trademarks, etc.

**ITA:** Information Technology Agreement. A WTO-based agreement endorsed by several members that calls for the gradual elimination of most-favoured-nation tariffs on many information technology and telecommunication products.

**Liberalization:** Reductions in tariff and other measures that restrict world trade, unilaterally, bilaterally or multilaterally.

**MFN:** Most-favoured-nation treatment (Article I of the GATT 1994) requiring countries not to discriminate between goods on the basis of country of origin or destination.

**NAFTA:** North American Free Trade Agreement, involving Canada, the United States and Mexico. Implemented January 1, 1994.

**Non-Tariff Barriers (Measures):** Government measures or policies other than tariffs which restrict or distort international trade. Examples include import quotas, discriminatory government procurement practices, measures to protect intellectual property. Such measures have become relatively more conspicuous impediments to trade as tariffs have been reduced during the period since World War II.

**OECD:** Organization for Economic Co-operation and Development. Paris-based organization of industrialized countries responsible for study of and co-operation on broad range of economic, trade, scientific and educational issues.

**Osaka Action Agenda:** Adopted in 1995, the Osaka Action Agenda is the framework for implementing the Leaders' Declaration (adopted in Bogor, Indonesia, 1994) that APEC member economies would achieve the free and open trade within the region by 2010/2020.

**Quota:** Explicit limit on the physical amounts of particular products which can be imported or exported during a specified time period, usually measured by volume but sometimes by value. The quota may be applied on a "selective" basis, with varying limits set according to the country of origin, or on a global basis which only specifies the total limit and thus tends to benefit more efficient suppliers.

**Rules of Origin:** Laws, regulations and administrative procedures which determine a product's country of origin. A decision by a customs authority on origin can determine whether a shipment falls within a quota limitation, qualifies for a tariff preference or is affected by an anti-dumping duty. These rules can vary from country to country.

**Subsidy:** An economic benefit granted by a government to producers of goods often to strengthen their competitive position. The subsidy may be direct (a cash grant) or indirect (low-interest export credits guaranteed by a government agency, for example).

**Tariff:** Customs duties on merchandise imports. Levied either on an *ad valorem* (percentage of value) or on a specific basis (e.g., \$5 per 100 kgs). Tariffs give price advantage to similar locally produced goods and raise revenues for the government.

**Tariff Rate Quota:** Two-stage tariff: imports up to the quota level enter at a lower rate of duty; over-quota imports enter at a higher rate.

**Transparency:** Visibility and clarity of laws and regulations.

**Uruguay Round:** Multilateral trade negotiations launched in the context of the GATT at Punta del Este, Uruguay, in September 1986, and concluded in Geneva in December 1993. Signed by ministers in Marrakesh, Morocco, in April 1994.

**WTO:** World Trade Organization. Established on January 1, 1995, to replace the Secretariat of the General Agreement on Tariffs and Trade, it forms the cornerstone of the world trading system.

**WTO Appellate Body:** An independent seven-person body that, upon request by one or more parties to the dispute, reviews findings in panel reports.

**Zero-for-Zero:** Refers to a market access agreement where all the participating countries eliminate the same barriers on the same products. Although it most frequently refers to tariff elimination, a zero for zero agreement could include elimination of non-tariff barriers as well.

## 10. Acronyms

<b>ABT</b>	Agreement on Basic Telecommunications
<b>AGP</b>	Agreement on Government Procurement
<b>AIT</b>	Agreement on Internal Trade
<b>APEC</b>	Asia Pacific Economic Cooperation forum
<b>BKPM</b>	Badan Koordinasi Penanaman Modal (Indonesia's Investment Co-ordinating Board)
<b>BSE</b>	bovine spongiform encephalopathy
<b>CAP</b>	Common Agricultural Policy
<b>CCFTA</b>	Canada–Chile Free Trade Agreement
<b>CDIA</b>	Canadian direct investment abroad
<b>CEC</b>	Canadian Education Centre Mexico
<b>CERC</b>	Central Regulatory Commission
<b>CET</b>	common external tariff
<b>CFE</b>	Comisión Federal de Electricidad (Mexico's state electricity firm)
<b>CFIA</b>	Canadian Food Inspection Agency
<b>CIFTA</b>	Canada–Israel Free Trade Agreement
<b>DFAIT</b>	Department of Foreign Affairs and International Trade
<b>DNA</b>	deoxyribonucleic acid
<b>DSB</b>	Dispute Settlement Body
<b>DSP</b>	distilled spirits plant
<b>DSU</b>	Dispute Settlement Understanding
<b>DTA</b>	double taxation agreement
<b>EC</b>	European Commission
<b>EEP</b>	U.S. Export Enhancement Program
<b>EFTA</b>	European Free Trade Association
<b>EMU</b>	Economic and Monetary Union
<b>EU</b>	European Union
<b>EVSL</b>	Early Voluntary Sectoral Liberalization
<b>FDA</b>	U.S. Food and Drug Administration
<b>FDI</b>	foreign direct investment
<b>FEMA</b>	Foreign Extraterritorial Measures Act
<b>FERC</b>	U.S. Federal Energy Regulatory Commission
<b>FHWA</b>	U.S. Federal Highway Administration
<b>FIPA</b>	Foreign Investment Protection Agreement

<b>FSL</b>	Food Sanitation Law
<b>FTA</b>	(Canada–U.S.) Free Trade Agreement
<b>FTA</b>	U.S. Federal Transit Administration
<b>FTAA</b>	Free Trade Area of the Americas
<b>GAO</b>	U.S. General Accounting Office
<b>GATS</b>	General Agreement on Trade in Services
<b>GATT</b>	General Agreement on Tariffs and Trade
<b>GDP</b>	gross domestic product
<b>GM</b>	genetically modified
<b>GMO</b>	genetically modified organism
<b>GO</b>	DFAIT's Global Opportunities teams of Trade Commissioners
<b>GPP</b>	Gross Provincial/Regional Product
<b>G-7/8</b>	Group of Seven leading industrialized nations plus the Russian Federation
<b>HACCP</b>	(U.S.) Seafood Hazard Analysis Critical Control Point regulations
<b>HKSAR</b>	Hong Kong Special Administrative Region
<b>IDD</b>	international direct dialing (telephone services)
<b>IEC</b>	Intergovernmental Economic Commission (Canada–Russia, Canada–Ukraine)
<b>ILSA</b>	(U.S.) Iran and Libya Sanctions Act of 1996
<b>IMF</b>	International Monetary Fund
<b>IP</b>	intellectual property
<b>ISO</b>	International Organization for Standardization
<b>ISTEA</b>	(U.S.) Intermodal Surface Transportation Efficiency Act
<b>IT</b>	Information Technology
<b>ITA</b>	Information Technology Agreement (1997)
<b>ITC</b>	U.S. International Trade Commission
<b>JAS</b>	Japan Agricultural Standards
<b>JEC</b>	Joint economic committee

## **LIBERTAD**

(U.S.) Cuban Liberty and Democratic Solidarity Act of 1996 (Helms-Burton Act)

**MAFF** Ministry of Agriculture, Forestry and Fisheries

## **Mercosur**

Southern Cone Common Market (Argentina, Brazil, Paraguay and Uruguay)

**MFN** most-favoured-nation

**MII** Ministry of Information Industry

**MMT** Manganese-based fuel derivative

**MOU** Memorandum of understanding

**MRA** Mutual recognition agreement

**NAFTA** North American Free Trade Agreement

**NATAP** North American Trade Automation Prototype

**NEBS** New Exporters to Border States

**NIST** U.S. National Institute of Standards and Technology

**NTB** Non-tariff barrier

**NTT** Nippon Telegraph and Telephone

**OECD** Organization for Economic Co-operation and Development

**OSB** oriented-strand board

**OSHA** U.S. Occupational Safety and Health Administration

**PCB** polychlorinated biphenyl

**PEMEX** Petróleos Mexicanos (Mexico's state oil firm)

**PWN** pinewood nematode

**R&D** research and development

**RGO** Registered Grading Organizations

**SAGIT** Sectoral Advisory Group on International Trade

**SBT** single business tax

**SCC** Standards Council of Canada

**SCP** sugar-containing product

**SECOFI** Secretaría de Comercio y Fomento Industrial (Mexico's Ministry of Trade and Industrial Development)

<b>SERC</b>	State Regulatory Commission	<b>TRIMs</b>	Agreement on Trade-Related Investment Measures
<b>SMEs</b>	small and medium-sized enterprises	<b>TRIPs</b>	trade-related aspects of intellectual property rights
<b>SPS</b>	sanitary and phytosanitary	<b>TRQ</b>	tariff rate quota
<b>SPWG</b>	(Canada-Korea) Special Partnership Working Group	<b>TSE</b>	transmissible spongiform encephalopathies
<b>SRM</b>	specified risk material	<b>WPPS</b>	Working Party on Professional Services (WTO)
<b>TBT</b>	technical barriers to trade	<b>WTO</b>	World Trade Organization
<b>TEA-21</b>	(U.S.) Transportation Equity Act for the 21st Century		
<b>TECA</b>	Trade and Economic Co-operation Arrangement		
<b>TICA</b>	Trade and Investment Co-operation Arrangement		
<b>TNC</b>	Trade Negotiations Committee		
<b>TRAI</b>	Telecommunications Regulatory Authority of India		

<b>FSL</b>	Loi sur l'assainissement des aliments	<b>OCDE</b>	Organisation de Coopération et de Développement Économiques
<b>FTA</b>	U.S. Federal Trade Administration	<b>OGM</b>	(Organisme génétiquement modifié)
<b>GAO</b>	U.S. General Accounting Office	<b>OMC</b>	Organisation mondiale du commerce
<b>GATT</b>	Accord général sur les tarifs douaniers et le commerce	<b>OSHA</b>	U.S. Occupational Safety and Health Administration
<b>GCSCB</b>	Groupes de consultations sectorielles sur le commerce extérieur	<b>PAC</b>	Politique agricole commune
<b>GM</b>	Génétiquement modifié	<b>PACNA</b>	Prototypage d'automatisation pour le commerce nord-américain
<b>GO</b>	Équipe volante d'intervention composée de délégués commerciaux du MAECI pour les débouchés internationaux	<b>PE</b>	Protocole d'entente
<b>GPP</b>	Produit intérieur brut provincial	<b>PEMEX</b>	Société pétrolière nationale du Mexique
<b>G7/8</b>	Groupe des Sept pays les plus industrialisés plus la Fédération de Russie	<b>PIB</b>	Produit intérieur brut
<b>HACCP</b>	(U.S.) Seafood Hazard Analysis Critical Control Point regulations	<b>PME</b>	Petites et moyennes entreprises
<b>IED</b>	Investissement étranger direct	<b>PPO</b>	Panneau de particules orientées
<b>IEC</b>	(Commission économique intergouvernementale (Canada-Russie, Canada-Ukraine)	<b>PWN</b>	Nématode du pin
<b>IBD</b>	Services internationaux automatisés (services téléphoniques)	<b>RASHK</b>	Région administrative spéciale de Hong Kong
<b>ILSA</b>	(U.S.) Iran and Libya Sanctions Act of 1996	<b>R.-D.</b>	Recherche et développement
<b>IP</b>	Propriété intellectuelle	<b>SBT</b>	Impôt unique sur le chiffre d'affaires
<b>ISTEA</b>	(U.S.) Intermodal Surface Transportation Efficiency Act	<b>SCP</b>	Produit contenant du sucre
<b>JAS</b>	Japan Agricultural Standards	<b>SECOT</b>	Secrétariat du commerce et du développement industriel
<b>JEC</b>	Comité économique conjoint Canada-Japon	<b>SERC</b>	Commission d'État chargée de la réglementation
<b>LIBERTAD (U.S.)</b>	(Urban Liberty and Democratic Solidarity Act of 1996 (Loi Helms-Burton)	<b>SPS</b>	Santaires et phytosanitaires
<b>MAECI</b>	Ministère des Affaires étrangères et du Commerce international	<b>SPWG</b>	Groupe de travail pour un partenariat spécial (Canada-Corée)
<b>MAFP</b>	Ministère de l'Agriculture, des Forêts et des Pêches	<b>SRM</b>	Matériau à risque spécifique
<b>Mercosur</b>	Marché commun du Cône sud (Argentine, Brésil, Paraguay et Uruguay)	<b>TBT</b>	Obstacle technique au commerce
<b>MII</b>	Ministère de l'Industrie de l'Information	<b>TEA-21</b>	(U.S.) Transportation Equity Act for the 21 <sup>st</sup> Century
<b>MMT</b>	Combustible dérivé du manganeuse frappé d'une interdiction canadienne controversée	<b>TECA</b>	Accord de coopération commerciale et économique
<b>MRA</b>	Accord de reconnaissance mutuelle	<b>TI</b>	Technologie de l'information
<b>NBBF</b>	Nouveaux exportateurs aux États frontaliers	<b>TICA</b>	Entente de coopération en matière de commerce et d'investissements (Canada - Mercosur; Canada-Afrique du Sud)
<b>NIST</b>	U.S. National Institute of Standards and Technology	<b>TRAI</b>	Régie de réglementation des télécommunications de l'Inde
<b>NPF</b>	Nation la plus favorisée	<b>TRIM</b>	Accords sur les mesures concernant les investissements et liées au commerce
<b>NTB</b>	Barrière non tarifaire	<b>TRQ</b>	(Contingent tarifaire)
<b>NTT</b>	Nippon Telephone and Telegraph	<b>TSE</b>	Encéphalopathies spongiformes transmissibles
<b>OCE</b>	Organisme de certification enregistrés	<b>UE</b>	Union européenne
		<b>UEM</b>	Union économique et monétaire
		<b>WPPS</b>	Groupe de travail des services professionnels (OMC)
		<b>ZLEA</b>	Zone de libre-échange des Amériques

## 10. Acronymes

ABT	Accord sur la technologie de l'information et les services de télécommunication
ACI	Accord sur le commerce intérieur
ACIA	Agence canadienne d'inspection des aliments
ADN	Acide désoxyribonucloïque
ADPIC	Accord sur les aspects des droits de propriété intellectuelle qui touchent au commerce
AELE	Association européenne de libre-échange
AGCS	Accord général sur le commerce des services
ALE	Accord de libre-échange entre le Canada et les États-Unis
ALECC	Accord de libre-échange Canada-Chili
ALECI	Accord de libre-échange entre le Canada et Israël
ALENA	Accord de libre-échange nord-américain
AMP	Accord sur les marchés publics
APEC	Organisation de coopération économique Asie-Pacifique
ATI	Accord sur la technologie de l'information (1997)
BKPM	Office indonésien de coordination de l'investissement
BPC	Biphényle polychlore
CCE	Commission des communautés européennes
CCN	Conseil canadien des normes
CDI	Convention pour l'évitement de double imposition et la prévention de l'évasion fiscale (Canada-Chili)
CDIA	Investissement direct canadien à l'étranger
CE	Commission européenne
CEC	Centre d'éducation canadien-Mexico
CERC	Commission centrale de réglementation
CET	Tarif extérieur commun
CFE	Société d'électricité nationale du Mexique
CNC	Comité des négociations commerciales
DSB	Organe de règlement des différends
DSP	Usine d'eau-de-vie distillée
DSU	Mémorandum relatif au règlement des différends
ESB	Encéphalopathie spongiforme bovine
EFP	U.S. Export Enhancement Program
EVSL	Initiative de libéralisation volontaire et rapide par secteur
FDA	U.S. Food and Drug Administration
FEMA	Loi sur les mesures extraterritoriales étrangères
FERRC	U.S. Federal Energy Regulatory Commission
FHWA	U.S. Federal Highway Administration
FIPA	Accord de promotion et de protection de l'investissement étranger
FMI	Fonds monétaire international

**Programme d'action d'Osaka** : Adopté en 1995,

le Programme d'action d'Osaka est le cadre pour la mise en œuvre de la Déclaration des dirigeants (adoptée à Bogor, en Indonésie, en 1994), selon laquelle les économies membres de l'APÉC établiraient un commerce libre et ouvert dans la région d'ici 2010/2020.

**Programme incorporé** : Fait référence à un ensemble d'activités de l'OMC devant être entrepris à des moments différents, notamment les révisions et les négociations supplémentaires déjà inscrites dans les divers accords annexés à l'Accord de l'OMC, en plus des activités entraînées par des décisions ou des déclarations ministérielles adoptées lors de l'Acte final de l'Uruguay Round à la rencontre ministérielle de Marrakech, en avril 1994.

**Propriété intellectuelle** : Expression collective utilisée pour désigner de nouvelles idées, des inventions, des conceptions, des écrits, des films, etc.; la propriété intellectuelle est protégée par les droits d'auteur, les brevets, les marques de commerce, etc.

**Règlement des différends** : Dispositions institutionnelles dans un accord commercial qui permettent de régler les divergences de vue entre les parties.

**Règles d'origine** : Lois, règlements et procédures administratives qui déterminent le pays d'origine d'un produit. Une décision sur l'origine prise par une autorité douanière peut déterminer si une expédition est soumise à un contingent, bénéficie d'une préférence tarifaire ou est touchée par un droit antidumping. Ces règles peuvent varier d'un pays à l'autre.

**Stratégie canadienne pour le commerce international (SCCI)** : Projet comprenant une série de stratégies de commerce international touchant 27 secteurs industriels clés et créé pour faire en sorte que les stratégies et les initiatives internationales du gouvernement reflètent les besoins réels de l'industrie canadienne.

**Subvention** : Avantage économique accordé par un gouvernement aux producteurs, souvent pour renforcer leur compétitivité. La subvention peut être directe (subvention en espèces) ou indirecte (crédits à l'exportation à faible taux d'intérêt garantis par un organisme gouvernemental, par exemple).

**Tarif appliqué** : Un tarif appliqué correspond au taux de taxation effectivement imposé à la frontière.

**Tarif des douanes** : Droits de douane sur les importations de produits, perçus soit sur la valeur (pourcentage de la valeur) ou sur une base déterminée (par exemple : 5 \$ par 100 kg). Les tarifs des douanes donnent un avantage concurrentiel aux produits similaires fabriqués sur place et apportent des recettes au gouvernement.

**Transparence** : Visibilité et clarté des lois et des règlements.

**Tribunal canadien du commerce extérieur (TCCE)** : Organisme chargé aux termes de la loi canadienne de constater les préjudices dans les cas de droits compensateurs et antidumping, et de donner des conseils au gouvernement sur d'autres questions relatives aux importations.

**Uruguay Round** : Négociations commerciales multilatérales entamées dans le cadre du GATT à Punta del Este, en Uruguay, en septembre 1986, et conclues à Genève en décembre 1993; signées par les ministres à Marrakech, au Maroc, en avril 1994.

**ZLEA** : Zone de libre-échange des Amériques; proposition d'accord entre 34 pays de l'hémisphère occidental en vue de créer une zone de libre-échange d'ici 2005, lancée à Miami en décembre 1994.

**GATT** : Accord général sur les tarifs douaniers et le commerce; depuis 1947, institution multilatérale supervisant le système commercial mondial, remplacée par l'OMC en janvier 1995.

**Groupe de Cairns** : Coalition de 15 pays exportateurs de produits agricoles (Afrique du Sud, Argentine, Australie, Brésil, Canada, Chili, Colombie, Fidji, Indonésie, Malaisie, Nouvelle-Zélande, Paraguay, Philippines, Thaïlande et Uruguay) qui élabore des propositions concernant l'agriculture pendant l'Uruguay Round.

**Investissement étranger direct (IED) :**

Capitaux engagés dans une entreprise étrangère. L'investisseur peut prendre le contrôle partiel ou total de l'entreprise. Un investisseur qui acquiert 10 p. 100 ou plus des actions d'une entreprise étrangère effectue un investissement direct.

**Libéralisation** : Réductions des tarifs des douanes et autres mesures qui limitent le commerce mondial, unilatéralement, bilatéralement ou multilatéralement.

**NPF** : Traitement de la nation la plus favorisée (article 1 du GATT 1994) exigeant que les pays ne fassent pas de distinction entre les produits en fonction du pays d'origine ou de la destination.

**OCDE** : Organisation de coopération et de développement économiques, composée des pays industrialisés, dont le siège est à Paris et qui est chargée d'étudier une gamme étendue de questions ayant trait à l'économie, au commerce, aux sciences et à l'éducation, ainsi que de collaborer dans ces domaines.

**OMC** : Organisation mondiale du commerce, établie le 1<sup>er</sup> janvier 1995 pour remplacer le Secrétariat de l'Accord général sur les tarifs douaniers et le commerce; pierre angulaire du système commercial mondial.

**Organe d'appel de l'OMC** : Organe indépendant composé de sept membres qui, à la demande d'une ou plusieurs parties à un différend, examine les conclusions des rapports des groupes spéciaux.

**PIB** : Produit intérieur brut; valeur totale des produits et des services produits par un pays.

**Plan d'action commun Canada-UE** : Signé le 17 décembre 1996, le Plan d'action est conçu pour resserrer les relations entre le Canada et l'UE et se compose de quatre parties, soit les relations économiques et commerciales, la politique étrangère et les questions de sécurité, les questions transnationales et l'établissement de liens.

**APC** : Mécanisme de Coopération économique Asie-Pacifique. Il est composé de 21 membres du Pacifique qui désirent accroître la coopération économique dans cette région. Ses membres sont :

Australie; le Brunei; le Canada; le Chili; la Chine; la République de Corée; les États-Unis; Hong Kong; l'Indonésie; le Japon; la Malaisie; le Mexique; la Nouvelle-Zélande; la Papouasie-Nouvelle-Guinée; le Pérou; les Philippines; la Russie; Singapour; le Taipei chinois; la Thaïlande; le Vietnam.

**Barrières non tarifaires (mesures)** : Mesures ou politiques gouvernementales autres que les tarifs des douanes qui limitent ou faussent le commerce international. On peut citer comme exemples les contingents d'importation, les pratiques discriminatoires pour les marchés publics ou les mesures pour protéger la propriété intellectuelle. Ces interventions sont devenues des obstacles au commerce relativement plus évidents, alors que les tarifs des douanes ont été réduits depuis la Seconde Guerre mondiale.

**Consolidation** : L'engagement d'un pays à maintenir un niveau de tarif donné ou une autre restriction légale (par exemple, en le protégeant de tout accroissement ou changement).

**Contingent** : Limite explicite sur les quantités matérielles de produits déterminés qui peuvent être importés ou exportés pendant une période de temps précise, habituellement mesurée d'après le volume, mais quelquefois selon la valeur. Le contingent peut être appliqué sur une base « sélective », avec des limites variables établies selon le pays d'origine, ou sur une base globale qui ne spécifie que la limite totale et ainsi a tendance à avantager les fournisseurs les plus efficaces.

**Contingent tarifaire** : Droit de douane à deux volets. Les importations jusqu'à un certain niveau de contingent sont admises à un tarif de douane inférieur; les importations qui dépassent ce niveau sont admises à un tarif supérieur.

**Droits compensateurs** : Droits supplémentaires imposés par le pays importateur pour compenser les subventions gouvernementales dans le pays exportateur, quand les importations subventionnées causent un préjudice important à l'industrie nationale du pays importateur.

**Expropriation** : Saisie de produits privés par un gouvernement étranger sans compensation juste ou raisonnable donnée en contrepartie.



## 9. Glossaire des termes

**Accord sur la technologie de l'information (ATI) :** Cet accord, conclu sous les auspices de l'OMC et auquel adhèrent plusieurs pays membres, prévoit l'élimination progressive des tarifs de la nation la plus favorisée applicables à de nombreux produits de technologie de l'information et de télécommunications.

**Accords zéro-zéro :** Fait référence à un accord sur l'accès au marché où tous les pays participants éliminent les mêmes barrières sur les mêmes produits. Bien qu'il fasse habituellement référence à une élimination de tarif, un accord zéro-zéro peut également comprendre l'élimination des barrières non tarifaires.

**Adhésion :** Processus par lequel un pays devient partie contractante à un accord multilatéral, comme l'OMC. Les négociations avec les parties contractantes de l'OMC, par exemple, déterminent les concessions (libéralisation du commerce) ou autres obligations particulières auxquelles un pays non membre doit s'engager avant d'avoir droit à tous les avantages qu'apporte l'adhésion à l'OMC.

**AELE :** Association européenne de libre-échange. À sa fondation en mai 1960, lors de la Conférence de Stockholm, elle comptait sept membres. En 1995, ils n'étaient plus que quatre (Islande, Norvège, Suisse et Liechtenstein) car les autres pays s'étaient joints à l'Union européenne.

**AGCS :** Accord général sur le commerce des services; première série de règles et de disciplines convenues multilatéralement et ayant force exécutoire qui ait été négociée pour le commerce international des services.

**ALE :** Accord de libre-échange; en particulier, l'Accord de libre-échange entre le Canada et les États-Unis qui est entré en vigueur le 1<sup>er</sup> janvier 1989.

**ALECC :** Accord de libre-échange Canada-Chili. Il est entré en vigueur le 5 juillet 1997.

**ALECI :** Accord de libre-échange Canada-Israël. Il est entré en vigueur le 1<sup>er</sup> janvier 1997.

**ALENA :** Accord de libre-échange nord-américain, comprenant le Canada, les États-Unis et le Mexique, entré en vigueur en janvier 1994.

**Antidumping :** Droits supplémentaires imposés par un pays importateur lorsque les importations sont facturées à un prix inférieur au prix demandé « normalement » sur le marché national de l'exportateur et causent un préjudice important à l'industrie nationale du pays importateur.

## PHILIPPINES

- Négociation d'un nouveau protocole d'importation sanitaire ouvrant un nouvel accès au marché pour les viandes chevalines du Canada.
- Entretien et mise à jour de protocoles d'importation sanitaire permettant d'assurer un accès continu au marché pour la viande de porc et de boeuf, la volaille, les semences de verrat et les embryons bovins; négociation d'un nouveau certificat d'exportation pour les aliments pour animaux familiers du Canada.
- Négociation d'un accord de production audiovisuel permettant l'utilisation commune de ressources et d'avantages pour la production de films, d'émissions de télévision et de radio, et de programmes vidéo et multimédias.
- Conclusion d'un PE entre la Fondation des technologies de l'information des Philippines et l'Association canadienne de la technologie de l'information.
- Résolution d'un différend concernant l'évaluation douanière d'une troisième expédition d'anesthésiques dentaires, ce qui devrait prévenir tout différend futur.

## THAÏLANDE

L'administration des douanes thaïlandaises a entrepris l'installation d'un système d'échange de données informatiques. Il est prévu que cela réduira le nombre des possibilités de corruption.

## VIETNAM

Le Canada a pénétré le marché vietnamien des céréales et des fertilisants.

## AUSTRALIE

- En 6 novembre 1998, l'Organe de règlement des différends de l'OMC a adopté les rapports du groupe spécial et de l'Organe d'appel de l'OMC confirmant la position du Canada selon laquelle l'interdiction par l'Australie des importations de saumon en provenance du Canada est une violation des obligations de l'Australie dans le cadre de l'OMC.
- En janvier 1999, l'Australie annonçait qu'elle cesserait ses mesures restrictives à l'égard de l'importation de la viande de porc.

## RÉPUBLIQUE DE CORÉE

- En juillet 1998, la Corée a éliminé les exigences restrictives d'étiquetage pour l'eau embouteillée traitée à l'ozone.
- En juin 1998, la Corée a convenu d'informer le Canada à l'avance de toute modification de son tarif douanier sur les importations de luzerne.
- En juillet 1998, la Corée et le Canada ont conclu un accord bilatéral sur les marchés publics qui permet aux fournisseurs canadiens de matériel de télécommunications de faire concurrence sur un pied d'égalité aux sociétés américaines et européennes.
- Le Japon a offert de faciliter l'approbation de l'utilisation de clous canadiens dans la construction de bâtiments préfabriqués à expédier au Japon, à condition que le Canada montre que ses fabricants de clous respectent les normes industrielles du Japon ou que le Canada produise des données de force équivalente. Un tel changement pourrait réduire le coût et les difficultés auxquelles sont confrontées les PME dans la commercialisation au Japon de bâtiments préfabriqués.
- Le Japon a accepté les normes canadiennes de la Commission nationale de classification des sciages pour les assemblages à entures multiples et pour le bois classé par contrainte mécanique. Des progrès devraient être réalisés pour l'approbation d'une demande similaire concernant les panneaux de particules orientées.
- Les régimes japonais pour épargnants et titulaires de polices d'assurance, dans le domaine des valeurs mobilières et dans celui de l'assurance-vie, ont été rajustés pour protéger les institutions financières étrangères qui veulent pénétrer sur le marché japonais contre les obligations antérieures découlant des difficultés actuelles du secteur financier interne du Japon.
- Le ministre japonais de la Santé et du Bien-être a approuvé quatre variétés transgéniques de colza canola canadien, en plus des six variétés déjà approuvées en 1996 et 1997.
- Les exportations canadiennes de spiritueux distillés ont plus que doublé. Cette augmentation résulte du fait que le Japon a diminué ses tarifs douaniers et taxes d'accise en raison de ses obligations découlant des constatations du Groupe spécial de l'OMC sur le régime japonais de taxes sur les liqueurs.

## INDONÉSIE

- L'Inde a annoncé son intention de supprimer graduellement les restrictions aux importations appliquées à une variété de produits. Le premier « lot » de postes tarifaires a été libéralisé dans le cadre de la politique annuelle d'import-export, en avril 1998. L'Inde s'est également engagée à éliminer toutes les barrières à l'importation de produits couverts par l'ATI au cours de la première étape.
- Les considérations fiscales et douanières spéciales du Programme automobile national ont été annulées.
- Les dispositions restrictives concernant la commercialisation du ciment, du papier et du contreplaqué ont été abolies.
- Les droits de douane à l'importation d'un grand nombre de produits chimiques ont été ramenés à 5 p. 100.
- Le nombre de produits exigeant une licence d'importation a été réduit.
- Les investisseurs canadiens peuvent maintenant posséder jusqu'à 100 p. 100 du capital des banques indonésiennes, alors que le chiffre était limité auparavant à 85 p. 100.
- Les droits de douane appliqués aux produits agricoles non alimentaires ont été réduits.
- Les taux tarifaires agricoles ont été réduits à un maximum de 5 p. 100 sur tous les articles alimentaires (environ 500).
- En juillet 1998, la Corée a modifié ses réglementations restreignant l'utilisation de lettres de crédit pour les produits dont les droits de douane dépassent 10 p. 100 et lorsque les termes de remboursement sont supérieurs à un an.
- En janvier 1999, le gouvernement coréen annonçait que le tarif douanier appliqué à l'huile de colza canola était ramené de 15 à 10 p. 100 pour les six premiers mois de 1999. Simultanément, le gouvernement coréen annonçait que les tarifs douaniers appliqués à l'orge et à l'orge de brasserie seront égalisés pour les six premiers mois de 1999.

## INDE

## UNION EUROPÉENNE

- Signature et mise en œuvre de l'ARM Canada-UE sur l'évaluation de conformité pour les produits réglementés, en mai 1998, ce qui réduira les coûts et facilitera l'accès au marché européen pour les producteurs canadiens d'équipement pour terminal de télécommunications, de matériel informatique, de matériel électrique, d'appareils médicaux, de produits pharmaceutiques et de bateaux de plaisance.
- Signature en décembre 1998 d'un accord sur l'équivalence vétérinaire (exigences de santé applicables au commerce des animaux, du poisson et des produits pour animaux et poissons), qui fournira un mécanisme pour la reconnaissance mutuelle d'équivalence des exigences canadiennes et européennes d'inspection et de certification.
- Signature en décembre 1998 d'une modification de l'Accord Canada-UE sur la coopération scientifique et technologique, pour étendre la portée de l'Accord d'une liste de neuf secteurs spécifiques à tous les secteurs, y compris la biotechnologie.
- Signature en décembre 1998 d'un accord permettant tant les recherches coopératives par des consortiums canadiens et européens dans le domaine de l'utilisation pacifique de l'énergie nucléaire.
- Achèvement de négociations en vue d'un accord permettant les échanges d'information et la coopération entre les autorités canadiennes et européennes dans le domaine de la politique de la concurrence et des lois sur la concurrence.
- Modification par l'UE, en novembre 1998, de son régime d'importation de grains pour permettre la réduction des droits de douane sur les qualités inférieures de blé dur canadien.
- Réduction, le 1<sup>er</sup> janvier 1999, des droits de l'UE sur les excédents de contingent de papier journal, de 3,5 à 2,5 p. 100.

## APEC

- Production d'une version mise à jour du Plan pour la modernisation des douanes de l'APEC : Collaboration avec les entreprises pour l'établissement d'une frontière plus pratique et plus rapide.
- Début des travaux concernant un annuaire APEC de services professionnels.
- Mise à jour du Guide des régimes d'investissement de l'APEC, maintenant publié sur Internet.
- Un employé du ministère japonais de la Construction a été affecté au Canada pour participer à l'évaluation et à l'élaboration de nouvelles normes qui puissent être appliquées au Japon, ce qui a permis d'améliorer et d'accélérer l'accès au marché japonais pour les produits de construction canadiens.
- Comme les exportateurs canadiens l'avaient demandé, le ministère de l'Agriculture, des Forêts et de la Pêche est en train de réviser les normes japonaises du contreplaqué structural pour tenir compte des placages en résineux dans le contreplaqué de classe 1 et pour tenir compte de l'évolution en faveur de normes fondées sur le rendement.
- Le rapport du Comité d'orientation des normes agricoles du Japon du 20 octobre 1998 contenait de nombreuses recommandations qui devraient être favorables aux exportateurs canadiens. Par exemple, l'une d'entre elles suggérerait la privatisation des services de classement et d'inspection et une nouvelle harmonisation internationale des normes. Le ministère de l'Agriculture, des Forêts et de la Pêche applique maintenant les recommandations de ce rapport, y compris celles qui exigent des modifications législatives, qui doivent entrer en vigueur en 1999.

## JAPON

- Progrès des travaux sur la mise à jour du Guide de l'arbitrage et du règlement des différends dans les économies membres.
- Elaboration d'un site Web sur les procédures douanières des membres de l'APEC.
- Accord quant aux secteurs prioritaires supplémentaires à aligner avec les normes internationales dans les domaines du matériel électrique et électronique relativement à la sécurité et à la compatibilité électromagnétique d'ici 2004/2008.
- Conclusion d'un accord de reconnaissance mutuelle pour le matériel de télécommunications.
- Elaboration d'un accord de reconnaissance mutuelle sur les produits automobiles.
- Production du Plan d'action sur le commerce électronique de l'APEC.

## ÉTATS-UNIS

- Le 4 décembre 1998, le Canada et les États-Unis se sont entendus sur des mesures très diverses concernant des problèmes existant depuis longtemps dans le domaine du commerce des produits agricoles et ont convenu d'organiser des rencontres bilatérales de haut niveau pour aborder les questions qui posent des problèmes avant qu'elles ne deviennent des sujets de litige.
- Le 30 novembre 1998, le Canada et les États-Unis ont convenu de mettre en œuvre au Canada un programme de prédédouanement de produits en transit, sur l'ensemble du pays, qui s'inspire du succès de l'accord « Cielles ouverts ». Du fait de cette initiative, tous les aéroports canadiens disposant déjà d'installations américaines de prédédouanement pourront assurer des services de prédédouanement en transit qui simplifieront le traitement des passagers en provenance de l'Asie et de l'Europe et dont la destination finale se trouve aux États-Unis. Vancouver, Toronto et Montréal (Dorval) seront admissibles au prédédouanement en transit en 1999. Calgary a l'intention de leur emboîter le pas en 2001. Edmonton, Ottawa et Winnipeg devraient être admissibles après 2001.
- Le Canada et les États-Unis ont organisé des séminaires sur la conformité, donnés au Canada par les douanes américaines et par la U.S. Food and Drug Administration, en collaboration avec des agents du Canada, pour informer les exportateurs canadiens des exigences réglementaires des États-Unis.
- L'État du Michigan a convenu de reporter l'application aux sociétés canadiennes de sa Taxe d'affaires unique. Des consultations concernant la mise en œuvre de la Taxe d'affaires unique auront lieu en 1999, avec la participation de représentants des milieux d'affaires des deux côtés de la frontière.
- Deux fois en 1998, et de nouveau le 1<sup>er</sup> février 1999, le président Clinton a exercé son pouvoir discrétionnaire de suspension du droit de poursuite en vertu du titre III de la loi sur la liberté de Cuba et la solidarité démocratique, également appelé loi Helms-Burton), contre des investisseurs ayant acquis des produits expropriés par le gouvernement cubain.

## MEXIQUE

- Mise en œuvre, le 1<sup>er</sup> août 1998, d'une deuxième série d'éliminations accélérées de droits tarifaires couvrant environ 1 milliard de dollars américains d'échanges commerciaux à l'initiative de l'ALÉNA, dont 25 millions de dollars d'échanges bilatéraux entre le Canada et le Mexique.
  - Conclusion d'un nouvel accord permettant la reprise des exportations de pommes de terre de semence canadiennes vers le Mexique.
  - Élimination des exigences de permis phytosanitaires du Mexique qui avaient causé des retards dans les importations de grains canadiens.
  - De nouvelles possibilités de service aérien entre les deux pays ont été créées suite à un accord sur le partage des codes de vol.
- ### ZONE DE LIBRE-ÉCHANGE DES AMÉRIQUES
- En mars 1998, les ministres du Commerce des 34 pays participants diffusent une déclaration conjointe décrivant les objectifs clés et les principes d'une ZLEA.
  - Neuf groupes de négociation et trois organes consultatifs sont créés.
  - Le Canada est choisi pour présider les négociations de la ZLEA au cours des 18 premiers mois. À ce titre, le Canada préside le CNC des négociateurs en chef.
  - En avril 1998, les négociations sur la ZLEA sont lancées officiellement par les dirigeants.
  - En juin 1998, le CNC établit des programmes de travail pour les neuf groupes de négociation et les trois organes consultatifs.
  - En septembre et octobre 1998, les neuf groupes de négociation et les trois organes consultatifs se réunissent pour organiser leur travail.
  - En décembre 1998, le CNC examine les travaux des groupes de négociation et des groupes consultatifs et fait progresser la facilitation du commerce.
  - Un Canadien est choisi pour exercer la fonction de directeur du Secrétariat administratif de la ZLEA à Miami.



- Le point de mire de l'OMC s'est déplacé de la création vers l'application de règles de concurrence loyale pour libéraliser et faciliter les échanges.
- Le Canada et les autres signataires de l'Accord sur le commerce intérieur (ACI) ont entrepris de réviser cet accord pour en accroître la portée. Par ailleurs, le Panama s'est joint à l'ACI.
- Le Canada a collaboré avec d'autres membres signataires de l'Accord de l'OMC pour éliminer les droits perçus sur certains produits pharmaceutiques et étendre le commerce franchisé à plus de produits, y compris aux intrants. Cet effort a porté ses fruits, puisque 639 articles additionnels ont été acceptés. L'application de l'Accord est prévue pour le 1<sup>er</sup> juillet 1999.
- En novembre 1998, les membres de l'APEC ont accepté de communiquer le résultat de leurs travaux sur la libéralisation sectorielle à l'OMC. Le Canada va s'efforcer d'accroître la participation à cette initiative au sein de l'OMC.
- Le 18 janvier 1999, le Canada a entériné le cinquième protocole de l'AGCS sur le commerce des services financiers.
- L'Accord sur les télécommunications de base dans le cadre de l'AGCS est entré en vigueur le 5 février 1998. En novembre 1998, des engagements spécifiques à propos de l'accès au marché, au traitement national et à l'application des principes régulateurs pro-concurrence ont été pris par les 89 signataires de l'Accord.
- Le Conseil du commerce des services de l'OMC a adopté le 14 décembre 1998 les Disciplines sur la réglementation intérieure dans le secteur de la comptabilité.
- L'OMC et la ZLEA ont mis sur pied des programmes visant à examiner les aspects commerciaux du commerce électronique.
- Le Canada a fréquemment fait appel à l'organe de règlement des différends de l'OMC pour défendre ses intérêts dans les secteurs des pêches, des mines et de l'aérospatiale.
- La République du Kyrgyzstan et la Lettonie ont accédé à l'OMC le 20 décembre 1998 et le 10 février 1999 respectivement.

## 8. Sommaire des résultats obtenus au cours de 1998

L'Afrique du Sud reste le principal partenaire commercial du Canada dans l'Afrique subsaharienne. En 1998, les exportations canadiennes de produits vers ce marché atteignaient un total de 296 millions de dollars, soit 18 p. 100 de moins qu'en 1997. Le Canada accorde le bénéfice du tarif de préférence général à l'Afrique du Sud depuis 1994. En 1998, le Canada a importé pour 514 millions de dollars en provenance de l'Afrique du Sud. Cela représentait une augmentation de 3,3 p. 100 par rapport à 1997.

Au cours de l'année passée, le principal développement dans nos relations commerciales bilatérales a été la signature de l'Entente Canada-Afrique du Sud de coopération commerciale et d'investissement. Cette entente a été signée en septembre par le ministre du Commerce international, M. Sergio Marchi, et par le ministre sud-africain des Finances, M. Trevor Manuel. La signature a eu lieu lors d'une cérémonie à Ottawa, en présence du premier ministre Chrétien et du président Mandela.

L'Entente prévoit un cadre pour un dialogue amélioré sur les questions de commerce et d'investissement, sur le plan bilatéral comme sur le plan multilatéral. Elle établit un groupe consultatif, dirigé par des hauts fonctionnaires, qui se réunira tous les 18 mois. Ce groupe consultatif examinera les possibilités de commerce et d'investissement et abordera les difficultés d'accès au marché qui peuvent être soulevées par l'une ou l'autre partie. L'Entente établit également un cadre pour la

formation de spécialistes sud-africains en politique commerciale. Avec la reprise des négociations de l'OMC sur l'agriculture et les services et, éventuellement, l'élargissement de ces négociations, et étant donné les négociations commerciales en cours de l'Afrique du Sud avec l'UE et avec ses voisins de la Communauté pour le développement de l'Afrique australe, les consultations prévues dans l'Entente offriront un cadre permettant d'améliorer notre coopération sur les questions de commerce multilatéral et de nous informer directement des développements qui pourraient avoir un effet sur les intérêts canadiens concernant le commerce et l'investissement en Afrique du Sud.

Le Canada a également signé un FIPA avec l'Afrique du Sud. Toute question non encore réglée concernant cet accord devrait être résolue prochainement et il est prévu qu'il sera en vigueur en 1999.

En 1997, le Canada a accueilli un cours de formation pour fonctionnaires sud-africains, qui comprenait des consultations sur la politique commerciale entre des hauts fonctionnaires sud-africains et leurs homologues canadiens et des affectations temporaires pour les fonctionnaires sud-africains dans des divisions du ministère des Affaires étrangères et du Commerce international du Canada.

secteur de la production et de la transmission d'électricité (160 milliards de dollars au cours des 25 prochaines années), des télécommunications (8 milliards de dollars au cours des dix prochaines années) et du gaz naturel (5,5 milliards de dollars au cours des cinq prochaines années). Un groupe de travail de l'OMC sur l'adhésion de l'Arabie saoudite continue son examen complet du régime de commerce extérieur de l'Arabie saoudite. La cinquième réunion du groupe de travail a eu lieu en novembre 1998 et avait pour but de discuter les préoccupations que les membres ont encore à propos de domaines tels que les obstacles techniques, les évaluations douanières et le régime agricole de l'Arabie saoudite. Des séances de négociation Canada-Arabie saoudite sur l'accès au marché ont eu lieu en février et en novembre 1998. En général, les progrès concernant l'adhésion restent lents : les négociations bilatérales, par exemple, sont encore à leurs débuts. Répondant aux pressions du Canada et d'autres membres de l'OMC, l'Arabie saoudite a présenté des offres révisées d'accès au marché pour les produits et services; cependant, aucune des offres ne permettrait aux exportateurs canadiens d'avoir réellement un meilleur accès aux marchés. Le Canada continuera de demander une baisse des taux tarifaires dans des exportations agricoles et industrielles clés telles que les grains, le poisson, le bois et les produits automobiles. Le Canada cherche également à obtenir l'acceptation par l'Arabie saoudite des accords zéro-zéro existants, de l'ATI et de l'Accord pharmaceutique, un engagement exécutoire à l'égard de ces offres tarifaires et l'adhésion à l'Accord sur les marchés publics. En ce qui concerne les services, le Canada cherche à obtenir un accès plus ouvert et plus prévisible pour ses fournisseurs de services dans des secteurs clés tels que les télécommunications, les services professionnels, une grande variété de services financiers et d'autres services aux entreprises. Pour les engagements de services horizontaux, le Canada aimerait voir des améliorations dans l'offre de services de l'Arabie saoudite concernant les types et le niveau autorisés de présence commerciale étrangère et la possibilité pour des personnes agissant à titre individuel ou en tant que représentants de sociétés canadiennes de service d'être admises en Arabie saoudite de façon temporaire pour fournir des services. Les négociations bilatérales et les négociations avec ce groupe de travail continueront en 1999 et beaucoup de travail devra être effectué avant que l'Arabie saoudite ne puisse adhérer à l'OMC.

Ces produits agricoles et agroalimentaires. Ces discussions ont été engagées lors d'une réunion de « délégation commerciale » entre le ministre Marchi et son homologue israélien au cours d'une mission de développement des affaires dans la région, au mois de février. Les producteurs et exportateurs canadiens ont fait savoir au gouvernement que les secteurs prioritaires dans lesquels le Canada devrait s'efforcer d'améliorer l'accès au marché israélien comprennent le poisson, les fruits et légumes frais et congelés, et les mets préparés congelés.

## CISJORDANIE ET BANDE DE GAZA

Le Canada s'est engagé à accorder aux produits originaires de la Cisjordanie et de la bande de Gaza le même traitement commercial préférentiel que celui consenti aux produits originaires d'Israël. Le Canada et l'autorité palestinienne ont récemment conclu avec succès leurs négociations concernant un instrument pour promouvoir nos relations commerciales et d'investissement. Le Cadre commun Canada-Palestine sur la coopération économique et le commerce améliorera l'accès au marché et les procédures douanières, tout en soutenant les industries émergentes dans ce marché. Les progrès du processus de paix du Moyen-Orient simplifieront le mouvement de produits en provenance et à destination de la Cisjordanie et de Gaza. L'ouverture de l'aéroport international de Gaza donne un nouvel accès aux exportateurs à Gaza et aux autres pays arabes voisins.

## ARABIE SAOUDITE

Les négociations multilatérales concernant l'adhésion de l'Arabie saoudite à l'OMC ont commencé en mai 1996. L'objectif sous-jacent du Canada dans les négociations bilatérales et multilatérales est de parvenir à une réforme et à des engagements sur l'accès au marché compatibles avec le rôle de l'Arabie saoudite dans le commerce et les investissements mondiaux et avec son importance pour le Canada, dont il est le premier marché d'exportation au Moyen-Orient, 305 millions de dollars de produits ayant été exportés dans ce pays en 1998. L'IED canadien en Arabie saoudite s'élève à 6 millions de dollars et le potentiel d'investissement est élevé, étant donné l'annonce par l'Arabie saoudite de nouvelles exigences pour les investissements dans le

## Résultats obtenus en 1998

- En novembre 1998, l'Organe de règlement des différends de l'OMC a adopté les rapports du groupe spécial et de l'Organe d'appel de l'OMC confirmant la position du Canada selon laquelle l'interdiction par l'Australie des importations de saumon en provenance du Canada est une violation des obligations de l'Australie dans le cadre de l'OMC.
- En janvier 1999, l'Australie annonçait qu'elle cesserait ses mesures restrictives à l'égard de l'importation de la viande de porc.

## AMÉLIORATION DE L'ACCÈS POUR LE COMMERCE DE PRODUITS

### Saumon

Depuis 1975, l'Australie interdit l'importation de saumon frais, réfrigéré et surgelé, en invoquant des préoccupations concernant la santé des poissons. La position du Canada est que l'interdiction ne repose sur aucune preuve scientifique.

A la demande du Canada, le 10 avril 1997, l'ORD de l'OMC a établi un groupe spécial de règlement de différends. Le 12 juin 1998, le groupe spécial a diffusé son rapport final, qui constatait que la mesure prise par l'Australie n'était pas conforme à l'Accord de l'OMC sur l'application de mesures sanitaires et phytosanitaires, et a recommandé que l'ORD demande à l'Australie de faire en sorte que sa mesure contestée soit conforme à ses obligations dans le cadre de l'Accord. Le 22 juillet, l'Australie a fait appel du rapport du groupe spécial. Le 20 octobre, l'Organe d'appel établi pour examiner l'appel de l'Australie a présenté son rapport, dans lequel il constate également que la mesure de l'Australie n'est pas conforme avec l'Accord sur l'application des mesures sanitaires et phytosanitaires. Le 6 novembre, l'ORD adoptait les rapports du groupe spécial de l'OMC et de l'Organe d'appel. Les règles de l'OMC prévoient qu'un membre doit disposer d'une période raisonnable pour que sa mesure se conforme aux obligations qui lui sont imposées par l'OMC. Dans les causes antérieures traitées par l'OMC, cette période n'a généralement pas dépassé 15 mois à partir de la date de l'adoption des rapports.

### Porc

Les exportations canadiennes de porc à destination de l'Australie ont été gênées par de nombreux problèmes d'accès au marché ces dernières années.

## ISRAËL

Sur le plan technique, les exportations canadiennes de porc restent soumises à des quarantaines rigoureuses. En janvier 1993, l'Australie a imposé des contrôles sur le porc frais, réfrigéré et congelé en provenance du Canada, fondés sur des allégations liées à la santé des animaux. Ces contrôles ont eu pour effet d'interdire l'importation de ce produit pour la vente au détail, mais permettent l'importation de porc canadien destiné à la transformation, à condition de respecter les exigences de cuisson à l'arrivée en Australie. Le Canada continue de faire valoir son point de vue et de s'opposer à ces quarantaines rigoureuses, pour la raison qu'il s'agit de mesures non nécessaires restreignant le commerce.

Le 22 janvier 1999, le gouvernement de l'Australie a annoncé formellement qu'il ne prendrait aucune mesure commerciale restrictive concernant les importations de viande de porc. L'annonce était une réponse au rapport de la Commission de la productivité en date du 25 novembre 1998. La Commission, à la suite de son enquête sur la sauvegarde concernant les importations de viande de porc, importé presque en totalité du Canada, avait déclaré qu'une mesure de sauvegarde pourrait être justifiée. À la fin de 1998, le Canada a clairement fait valoir son point de vue aux autorités australiennes.

Deux ans après l'entrée en vigueur de l'Accord de libre-échange Canada-Israël (ALECI), le commerce bilatéral entre les deux pays s'accroît régulièrement. Il atteignait de 629 millions de dollars en 1998 pour les produits, chiffre qui représentait une hausse de 16 p. 100 par rapport à 1997. Les entreprises canadiennes continuent de gagner du terrain dans les secteurs prioritaires tels que les télécommunications, les transports, les produits agroalimentaires, le matériel de construction, et les pâtes et papier. Il y a eu en particulier une hausse des activités d'investissement des firmes canadiennes dans le domaine des télécommunications.

Le principal facteur de croissance du commerce entre les deux pays est l'abolition d'à peu près tous les droits de douane sur les produits industriels et la réduction des tarifs sur de nombreux produits agricoles et agroalimentaires. En vertu de l'ALECI, le Canada prévoit d'engager des discussions avec Israël en 1999 pour poursuivre la libéralisation du commerce bilatéral

## Aperçu

Les importations australiennes en provenance du Canada étaient de 934 millions de dollars en 1998 (une diminution de 1,5 p. 100), alors que les importations canadiennes en provenance de l'Australie augmentaient de 9,3 p. 100 pour atteindre 1,29 milliards de dollars, ce qui représentait un total bilatéral de 2,23 milliards de dollars. Les ventes canadiennes en Australie continuent d'être axées sur les produits entièrement manufacturés, ce par quoi elles ressemblent davantage aux ventes destinées aux États-Unis qu'à celles qui sont acheminées vers n'importe quel autre marché de la région de l'Asie-Pacifique.

Il y a des affinités naturelles entre le Canada et

l'Australie, qui découlent de la similitude des régimes juridiques et réglementaires des deux pays, de leurs

structures fédérales comparables et de rapports commerciaux qui remontent à plus de 100 ans. La plupart

des échanges commerciaux entre les deux pays se déroulent au taux NPF et comprennent des quantités

importantes de produits importés en franchise de

Au 1<sup>er</sup> juillet 1998, la plupart des taux NPF se situaient à 5 p. 100 ou au-dessous. Cependant, il reste encore certains taux de l'ordre de 25 à 30 p. 100, par exemple sur les automobiles, les textiles, les vêtements et les chaussures. Certaines mesures non tarifaires importantes ont un impact sur l'accès au marché, en particulier les exigences sanitaires et phytosanitaires sévères qui ont été imposées par le Service australien de quarantaine et d'inspection. La plupart des importations de produits de pêche, viandes, animaux vivants, fruits, légumes et produits alimentaires sont confrontées à des mesures de restriction, qui vont de l'approbation antérieure aux retards prolongés en quarantaine (ce qui touche les bovins reproducteurs canadiens pour la production de lait et de viande, et les autruches) jusqu'aux interdiction pures et simples (saumon frais, réfrigéré et congelé). D'autres mesures concernant l'accès au marché des produits et services canadiens comprennent les normes de produits, les pratiques des marchés publics (qui varient selon les secteurs et selon le palier de gouvernement) et les lois concernant les recours commerciaux (l'Australie fait partie des utilisateurs les plus actifs de règles antidumping et de droits compensateurs).

## 7. Ouverture sur d'autres marchés importants

Company, qui a été constituée en société au cours des derniers mois de 1997. Pendant 1998, les chambres de commerce étrangères conjointes ont déclaré qu'il y avait une amélioration régulière mais lente des procédures de dédouanement.

**Priorités du Canada en 1999**

- s'efforcer de réduire l'impact de la loi sur les entreprises étrangères, en particulier en ce qui concerne les problèmes de permis de travail, les exigences de visa et l'élimination de poursuites criminelles dans le cas de cadres supérieurs accusés d'erreurs de comptabilité;

- s'efforcer d'aborder la question de la limite à 49 p. 100 des participations étrangères au capital des entreprises conjointes;

- accélérer les approbations pour les bureaux régionaux qui s'établissent à Bangkok;

- s'efforcer d'éliminer les exigences de contrepartie dans le cadre des projets de marché public dépassant 500 millions de bahts (25 millions de dollars), qui créent des problèmes de transparence;

- veiller à la pleine application et à l'exécution des règles de propriété intellectuelle, conformément à ses obligations en vertu de l'OMC;

- demander l'abolition des règles de contenu local sur automobiles et pièces, qui interdisent aux fournisseurs étrangers de participer pleinement à l'industrie automobile;

- chercher à réduire les tarifs à droits progressifs sur les produits canadiens de papier et le maintien de droits de douane élevés sur la bière et les spiritueux.

**VIETNAM**

**Aperçu**

Les exportations du Canada à destination du Vietnam atteignaient en 1998 un total de 53 millions de dollars (une augmentation de 5,7 p. 100 par rapport à 1997). Ces chiffres sont très modestes parce que le PIB du Vietnam n'est que de 300 \$US par habitant et que le Vietnam dépend de montants importants d'aide (2,4 milliards de dollars américains en 1998) de la communauté internationale. Le plus, le Vietnam n'a

**Résultats obtenus en 1998**

pas encore réformé son marché pour permettre un développement du commerce et de l'IED. Le régime de politique commerciale du Vietnam est actuellement examiné par le groupe de travail de l'OMC qui super-vise le processus d'adhésion du pays. Comme le mémorandum initial du Vietnam diffusé en octobre 1996 avait besoin d'une révision importante, le processus d'examen n'a commencé qu'en 1998. Deux réunions du groupe de travail ont eu lieu, ce qui a permis au Canada de souligner le besoin de transparence. L'adhésion du Vietnam sera un processus long et ardu, le cadre juridique du Vietnam étant en contradiction avec un grand nombre de ses obligations futures dans le cadre de l'OMC. Le Canada continuera de veiller à ce que le Vietnam respecte ses obligations dans le cadre de l'APEC et, dans l'avenir, de l'OMC.

**Priorités du Canada en 1999**

- continuer de faire pression sur le gouvernement vietnamien pour qu'il émette des permis à des institutions canadiennes de services financiers, qui pourront alors exercer leurs activités de façon efficace dans le pays;
- soutenir (dans le cadre de l'APEC et à l'occasion du processus d'adhésion à l'OMC) des efforts maximums du Vietnam pour ouvrir le marché à la libre circulation des produits et des services, et pour l'établissement d'un régime d'investissement étranger plus favorable.

## THAÏLANDE

### Aperçu

Jusqu'à récemment, la croissance de l'économie thaïlandaise était une des plus fortes du monde. Cependant, en juillet 1997, la crise économique s'est traduite par une baisse de 50 p. 100 de la valeur du baht thaïlandais par rapport au dollar américain, par un changement de gouvernement et par un ensemble de mesures austères de sauvetage du FMI atteignant 17,5 milliards de dollars américains, qui s'accompagnaient de toute une série de coupures des dépenses. Bien que la Thaïlande ait des défis majeurs à relever, ses perspectives à moyen terme et à long terme restent positives et s'accompagnent en particulier d'une législation qui doit apporter des réformes supplémentaires. En 1998, les exportations canadiennes à destination de la Thaïlande atteignaient un total de 283 millions de dollars (une diminution de 37 p. 100 par rapport à 1997), alors que la Thaïlande exportait 1,27 millions de dollars au Canada (une augmentation de 8 p. 100). La Chambre de commerce Thaïlande-Canada de Bangkok, forte de 300 membres, témoigne de la solidité des intérêts commerciaux bilatéraux.

### Résultats obtenus en 1998

De nombreux importateurs, aussi bien thaïlandais qu'étrangers, se plaignent du fait que les procédures de l'administration des douanes thaïlandaises créent un obstacle au commerce en raison des demandes non enregistrées d'argent que l'on trouve à chacune des nombreuses étapes de la procédure de dédouanement. Le défaut de produire cet argent peut se traduire par des retards graves. Les réglementations ne sont pas expliquées clairement aux importateurs et certains affirment qu'elles ne sont pas appliquées de façon uniforme.

En 1997, le gouvernement thaïlandais a entrepris d'introduire certaines réformes douanières. Bien que les procédures arbitraires d'évaluation douanière continuent d'être un obstacle aux importations, la situation présente des signes d'amélioration. L'administration des douanes thaïlandaises a entrepris l'installation d'un système d'échange de données informatiques, et un programme de formation du personnel à ce système est en cours d'exécution. Il est prévu que cela réduira le nombre des possibilités de corruption. Le système d'échange de données informatiques est sous le contrôle d'une société semi-publique, la Trade Siam

## SINGAPOUR

### Aperçu

● défendre et suivre les progrès réalisés par les Philippines pour la ratification de l'Instrument d'acceptation de l'Accord de l'OMC régissant la participation étrangère dans les télécommunications.

L'économie de Singapour étant parmi les plus libres du monde, il y a peu d'obstacles aux exportations canadiennes. En 1998, le commerce de produits entre le Canada et Singapour a diminué de 8 p. 100 pour atteindre 1,55 milliards de dollars, les exportations canadiennes s'élevant à 374 millions de dollars, une diminution de 27 p. 100, et les importations en provenance de Singapour demeurées inchangées à 1,18 million de dollars. Cependant, Singapour continue d'offrir d'excellentes possibilités pour les exportations canadiennes de produits, de services et de technologies. Occupant déjà une position de plaque tournante des transports de la région, Singapour fait des investissements importants dans le but de se positionner comme centre de télécommunications et comme centre financier, et consacre une partie importante de son budget à la santé et à l'éducation.

## INVESTISSEMENT

Singapour se situe au troisième rang des sources asiatiques d'investissement étranger direct au Canada, avec des investissements atteignant un total de 238 millions de dollars en 1997, auxquels s'ajoutent 1 milliard de dollars en obligations du gouvernement canadien et autres titres canadiens. L'investissement canadien direct à Singapour en 1997 est estimé à 2,26 milliards de dollars. La plus grande partie de cet investissement se présente sous forme de bureaux régionaux, les Canadiens investissant principalement dans les secteurs des services, notamment dans le secteur bancaire et dans d'autres services financiers.

● envisager la réouverture de négociations sur les services aériens avec Singapour, dans le but de développer les liens aériens disponibles entre nos pays.

## Priorités du Canada en 1999



- du commerce et de l'économie a été entrepris. Ce programme se poursuit, sous le gouvernement du nouveau président Estrada.
- ### Résultats obtenus en 1998 :
- Négociation d'un nouveau protocole d'importation sanitaire ouvrant un nouvel accès au marché pour les viandes chevalines du Canada.
  - Entretien et mise à jour de protocoles d'importation sanitaire permettant d'assurer un accès continu au marché pour la viande de porc et de bœuf, la volaille, les semences de verrat et les embryons bovins; négociation d'un nouveau certificat d'exportation pour les aliments pour animaux d'élevage du Canada.
  - Négociation d'un accord de production audiovisuel permettant l'utilisation commune de ressources et d'avantages pour la production de films, d'émissions de télévision et de radio, et de programmes vidéo et multimédias.
  - Conclusion d'un PE entre la Fondation des technologies de l'information des Philippines et l'Association canadienne de la technologie de l'information.
  - Résolution d'un différend concernant l'évaluation douanière d'une troisième expédition d'anesthésiques dentaires, ce qui devrait prévenir tout différend futur.
- ### Priorités du Canada en 1999
- veiller à ce que toute révision du régime d'importation de viande des Philippines n'ait pas d'effet défavorable sur le potentiel existant et sur les possibilités futures d'exportations du Canada;
  - continuer de travailler à l'établissement d'un protocole phytosanitaire mutuellement acceptable pour l'admission de pommes de terre de semence canadiennes;
  - soutenir les efforts continus du gouvernement des Philippines en faveur de la libéralisation du commerce et de l'économie afin de diminuer la participation de l'État et de parvenir à un niveau plus élevé de transparence et d'ouverture dans les réglementations;
  - s'efforcer d'obtenir un accord sur des procédures et une documentation acceptables pour l'approbation et la sauvegarde des exportations de poudre de nickel de type 123 en provenance du Canada;

exporter plus de 80 p. 100 de leur production pour pouvoir appartenir à 100 p. 100 à des étrangers; sinon, le capital devait être détenu à 50 p. 100 par des Malaisiens, dont 30 p. 100 par des Bumiputera (Malais). En septembre 1998, s'écarter soudainement de sa politique de marché libre, la Malaisie a imposé des mesures de contrôle des changes (visant principalement les courtiers en valeurs mobilières), accompagnées d'un régime réglementaire auquel sont aussi soumis les exportateurs, les importateurs et d'autres gens d'affaires et voyageurs.

### Priorités du Canada en 1999

- suivre la législation sur la propriété intellectuelle nouvellement établie, pour soutenir le développement du Multimedia Super Corridor (il y a encore des problèmes à régler en ce qui concerne l'exécution des lois sur les droits d'auteur et la propriété intellectuelle); surveiller les mesures de contrôle des changes introduites en septembre 1998, afin d'en évaluer l'impact sur les sociétés canadiennes;
- se prononcer en faveur de la restructuration et de la recapitalisation des institutions financières malaisiennes, ce qui peut présenter des possibilités pour les institutions financières canadiennes;
- demander l'abrogation des nouvelles politiques d'achat malaisien » du gouvernement et des autres mesures ayant des effets sur les possibilités de commercialisation pour les Canadiens.

### PHILIPPINES

#### Aperçu

En 1998, le commerce de produits entre le Canada et les Philippines a été fortement perturbé par la crise économique mondiale. Les exportations ont diminué de 57 p. 100 et se sont chiffrées à 181 millions de dollars alors que les importations augmentaient de 32 p. 100 et s'élevaient à 958 millions de dollars. Ces dernières années, les Philippines sont devenues un marché pour une grande variété de produits et de services canadiens, dont les articles agroalimentaires, la machinerie et les équipements, les engrais et autres produits, les services financiers, les services d'ingénierie ainsi que d'autres services aux entreprises et services professionnels. Au cours du mandat du président Ramos (qui a pris fin au milieu de l'année 1998), un programme de libéralisation délibérée et générale

## Priorités du Canada en 1999

- maintenir un accès équitable pour les ventes de blé, en particulier face à un soutien actif de l'État et à la concurrence des fournisseurs américains;
- continuer d'encourager le gouvernement indonésien à veiller à ce que les exportateurs canadiens ne soient pas confrontés à une augmentation des coûts due à des retards inacceptables ou à des frais inutiles dans les ports indonésiens; les efforts de facilitation du commerce multilatéral (en particulier dans le cadre de l'APÉC) peuvent apporter une aide essentielle à cet égard;
- suivre de près l'exécution par l'Indonésie des engagements qu'elle a pris dans le cadre du programme de réforme et de restructuring économique et financière du FMI.

## INVESTISSEMENT

L'Indonésie n'a pas encore conclu de négociations avec le Canada pour un FIPA. Le système indonésien exige que tous les investissements étrangers proposés (à l'exception des investissements dans le secteur du pétrole et du gaz et dans de nombreux secteurs miniers) reçoivent l'approbation du Conseil de coordination des investissements de l'Indonésie (BKPM). Bien que les procédures du BKPM continuent de s'améliorer et que le nombre de secteurs ouverts à l'investissement étranger soit plus élevé, les entreprises canadiennes sont encore confrontées à de longues procédures et à des retards pour l'approbation d'investissement. Les hauts fonctionnaires du gouvernement canadien continueront de représenter les intérêts canadiens et de veiller à ce que l'investissement canadien dans ces secteurs bénéficie d'un environnement favorable.

## MALAISIE

### Aperçu

En 1998, les exportations canadiennes vers la Malaisie s'élevaient à 421 millions de dollars, et les importations, à 2 milliards de dollars. La Malaisie a une économie de marchés relativement ouverte et les exportateurs canadiens n'ont été confrontés à aucun obstacle majeur à l'accès aux marchés. Le gouvernement a annoncé un relâchement temporaire des restrictions à la propriété étrangère et fera une « offre spéciale » en vertu de laquelle il n'y aura pas de restriction à la propriété étrangère pour les sociétés qui investissent avant le 31 décembre 1999. Auparavant, les sociétés devaient

et 6,54 milliards de dollars d'importations (une augmentation de 7,8 p. 100). Notre objectif est de positionner les entreprises canadiennes de manière qu'elles soient prêtes à la relance d'une Asie du Sud-Est extrêmement compétitive au cours des trois à cinq prochaines années. L'Asie du Sud-Est comprend les dix pays suivants : Indonésie, Malaisie, Philippines, Singapour, Thaïlande, Vietnam, Brunéi, Myanmar (Birmanie), Cambodge et Laos.

## INDONÉSIE

### Aperçu

En 1998, la valeur des exportations de produits du Canada vers l'Indonésie s'élevait à 507 millions de dollars et la valeur totale de nos importations était de 921 millions de dollars. Les exportations de services en Indonésie représentent un montant additionnel d'environ 200 millions de dollars par an. Depuis que la crise économique a touché l'Indonésie, nos exportations de 1998 ont baissé de 35 p. 100 par rapport à l'année précédente. Cependant, un ambitieux programme de réforme économique, négocié dans le contexte du programme de l'Indonésie avec le FMI, a conduit à une libéralisation majeure des mesures transfrontalières, ce qui devrait avoir pour effet de faciliter considérablement l'accès au marché pour les exportateurs et les investisseurs canadiens.

## Résultats obtenus en 1998

- Les considérations fiscales et douanières spéciales du Programme automobile national ont été annulées.
- Les dispositions restrictives concernant la commercialisation du ciment, du papier et du contreplaqué ont été abolies.

- Les droits de douane à l'importation d'un grand nombre de produits chimiques ont été ramenés à 5 p. 100.
- Le nombre de produits exigeant une licence d'importation a été réduit.

- Les investisseurs canadiens peuvent maintenant posséder jusqu'à 100 p. 100 du capital des banques indonésiennes, alors que le chiffre était limité auparavant à 85 p. 100.

- Les droits de douane appliqués aux produits agricoles non alimentaires ont été réduits.
- Les taux tarifaires agricoles ont été réduits à un maximum de 5 p. 100 sur tous les articles alimentaires (environ 500).

L'IEI) en Inde s'est considérablement développé depuis le début de la réforme en 1991; il est passé de moins de 300 millions de dollars, en 1992-1993, à plus de 3,2 milliards de dollars en 1997-1998. Un certain

INVESTISSEMENT

L'Inde maintient un grand nombre de restrictions en rapport avec sa balance des paiements (la « liste de produits interdits », qui visent les denrées agricoles et les produits manufacturés. La liste comprend des produits interdits (les abats et le suif, par exemple) et des produits contrôlés à l'égard desquels une licence d'importation est exigée. Un grand nombre de ces articles ont été retirés de la liste dans le cadre du budget de 1997. En 1998, la première tranche d'articles couverte par les accords bilatéraux a été retirée des restrictions aux importations et, plus tard au cours de l'année, un certain nombre d'autres produits agricoles ont été libérés, dont de nombreuses graines oléagineuses. Les droits de douane de 14,4 p. 100 appliqués aux importations de pois et légumineuses à graines comestibles ont été entièrement éliminés le 23 novembre 1998. Les droits supplémentaires spéciaux de 4 p. 100 sur les importations d'huiles comestibles ont été retirés. Environ 2 000 postes tarifaires restent soumis à des restrictions. Comme il a été indiqué ci-dessus, l'Inde a convenu de supprimer progressivement ces restrictions d'ici 2003. Le Canada surveillera ce processus.

En 1998, des fonctionnaires du gouvernement indien ont eu des discussions avec le gouvernement indien sur le problème de l'accès pour le bétail canadien, les embryons vivants et les semences bovines. Les préoccupations canadiennes pourraient être résolues avant la fin de 1999.

De plus, en raison de son manque de transparence, le régime d'attribution des licences se prête à des décisions incohérentes et au contournement des règles. Le but avoué du régime est de protéger les entreprises indiennes dans des secteurs vulnérables tels que l'agriculture et les produits alimentaires. En l'absence presque totale de concurrence sur le marché, ces politiques ont pour effet de favoriser l'inefficacité aussi bien dans les entreprises locales du secteur privé que dans les entreprises d'État, si bien que la qualité et la quantité des produits mis à la disposition des consommateurs sont limitées. Les droits de douane restent par ailleurs élevés sur de nombreux produits alimentaires et autres articles de consommation.

Produits agricoles et produits manufacturés

ASIE DU SUD-EST

La crise financière de l'Asie a eu un impact majeur sur les dix économies de l'Asie du Sud-Est, ce qui aura des effets sur nos relations commerciales à court terme et à moyen terme. En tant que groupe, l'Asie du Sud-Est représentait en 1998 environ 1,83 milliards de dollars d'exportations de produits canadiens (une diminution de 37,2 p. 100 par rapport à 1997).

Le Canada négocie actuellement avec l'Inde un FIPA qui, avec le temps, permettra de s'attaquer à ces problèmes et devrait instaurer un climat d'investissement plus stable.

Le Canada négocie actuellement avec l'Inde un FIPA qui, avec le temps, permettra de s'attaquer à ces problèmes et devrait instaurer un climat d'investissement plus stable.

La propriété étrangère intégrale est permise dans certains domaines — sociétés d'exportation, secteurs de l'énergie et de la haute technologie, infrastructures —, mais les demandes en ce sens ne sont pas forcément acceptées. Les procédures pour l'approbation d'un investissement manquent souvent de transparence. Pour acquérir une propriété immobilière destinée à une utilisation commerciale, l'investisseur étranger doit obtenir l'autorisation de la Réserve Bank of India ou de la société de développement industriel de l'État concerné. En général, il doit introduire dans le pays des devises étrangères pour acheter ou louer cette propriété. Ni les revenus locaux ni les produits de la vente d'un tel bien ne peuvent être transférés hors de l'Inde, sauf si l'investisseur est un ressortissant résidant à l'étranger ou une personne d'origine indienne. Les lois sur la protection de la propriété intellectuelle sont peu robustes, notamment à l'égard des brevets dans les domaines qui intéressent les investisseurs canadiens. Cependant, l'Inde a décidé en 1998 d'adhérer à la Convention de Paris et au Traité de coopération sur les brevets et elle envisage d'apporter des modifications supplémentaires à la législation indienne concernant la protection de la propriété intellectuelle.

Le Canada négocie actuellement avec l'Inde un FIPA qui, avec le temps, permettra de s'attaquer à ces problèmes et devrait instaurer un climat d'investissement plus stable.

Cela comprend le développement de commissions réglementaires centrales et d'État, une nouvelle politique d'hydro-électricité, une politique pour les mégaprojets et une politique concernant la privatisation de la transmission et de la distribution, entre autres choses. Les détails de ces politiques sont encore en phase de développement et leur impact sur le secteur de l'énergie est encore inconnu.

La plupart des régies d'électricité des États sont en mauvaise posture financière et, pour contribuer à réduire les pénuries d'électricité en Inde, il faudra accorder des appuis supplémentaires à ces entreprises, ou encore les restructurer de fond en comble ou les privatiser. Le projet de services d'infrastructure d'énergie financé par l'ACDI vise à améliorer les capacités du personnel et à restructurer la régie d'électricité de l'État du Kerala pour qu'il soit mieux à même de planifier le développement du secteur de l'énergie. La présence de diverses contraintes dans le secteur des services financiers contribue également à limiter le nombre de projets susceptibles de recevoir un financement adéquat. Le Canada continuera à promouvoir d'autres réformes dans ce secteur.

### Services financiers et assurances

L'Inde a participé aux négociations de l'OMC sur les services financiers, qui ont pris fin en décembre 1997. Au cours des négociations, l'Inde a apporté quelques améliorations modestes à son offre de services financiers, notamment par la consolidation d'un nombre accru de permis bancaires. Elle n'a toutefois pris aucun engagement important en ce qui concerne les assurances, le gouvernement ayant été incapable de faire adopter un programme de réforme de la réglementation dans ce secteur. Celui-ci est complètement contrôlé par deux monopoles d'État qui vendent de l'assurance-vie et des assurances générales. Les changements nécessaires pour permettre des investissements privés (et étrangers) dans le secteur de l'assurance du pays sont inclus dans la loi sur l'organisme de réglementation des assurances, qui a été présentée au Parlement à la fin de 1998 mais confiée à une commission parlementaire. La loi devrait être de nouveau présentée au Parlement au début de 1999. Les institutions financières canadiennes considèrent le secteur des assurances de l'Inde, en particulier son secteur de l'assurance-vie, comme une priorité, et le gouvernement canadien continuera de recommander une libéralisation réglementaire de ce secteur.

### Énergie

Les droits de douane élevés (de 40 à 50 p. 100) ont également nui à la capacité des entreprises canadiennes de vendre leurs produits sur le marché indien des télécommunications. Le Canada est cependant encouragé par le fait que l'Inde a adhéré à l'ATI en prenant l'engagement d'éliminer d'ici 2005 au plus tard ses droits de douane sur une grande variété de produits des technologies de l'information.

L'introduction en 1997 de l'organisme indien de réglementation des télécommunications (Telecommunications Regulatory Authority of India ou TRAI) et la nomination d'un groupe de travail pour élaborer une nouvelle politique de télécommunications en Inde à la fin de 1998 sont des mesures positives de libéralisation du secteur des télécommunications de l'Inde. Le Canada, par l'entremise du projet cadre de télécommunications financé par l'Agence canadienne de développement international (ACDI) — dans lequel l'Inde a établi le TRAI et soutiendra les travaux connexes du ministère des Télécommunications — a aidé relativement à la gestion du spectre, à l'établissement de normes et à la résolution des orientations futures, y compris la commercialisation de la recherche et du développement en technologie des communications. Le Canada continuera de suivre les développements qui, en Inde, ont un effet sur les sociétés canadiennes, en particulier la transparence du régime d'octroi de licences pour les nouveaux réseaux et les taux tarifaires appliqués aux importations de produits de télécommunications. Jusqu'à 49 p. 100 du capital des opérateurs privés peut être détenu par des étrangers.

La production d'électricité de l'Inde augmente de plus de 6 p. 100 par an depuis quelques années et, malgré les besoins importants en nouvelles installations de production et les nombreuses proclamations du gouvernement concernant les projets prioritaires et la création d'un guichet unique pour le traitement des propositions d'exploitation, le nombre de projets réalisés dans le secteur de l'énergie reste très faible. Des projets très utiles sont d'autre part retardés par le régime réglementaire actuel, par des systèmes compliqués d'approbation au niveau des États, qui s'ajoutent aux approbations requises par le gouvernement central, et par un manque de transparence dans le processus des approbations. En 1998, le gouvernement indien a introduit un certain nombre de nouvelles politiques, qui ont l'espoir, contribueront à la réalisation de nouveaux projets.

à 1998. Les indicateurs économiques de base sont sains et l'Inde n'a pas été sérieusement touchée jusqu'à présent par les problèmes financiers des pays de l'Asie de l'Est et du Sud-Est. Les mesures et sanctions imposées à l'Inde après ses essais nucléaires ont jusqu'à présent eu peu d'effets sur l'économie indienne. La décision des pays du G-8 de remettre à plus tard l'étude de prêts d'institutions financières internationales pour des projets autres que les projets répondant aux besoins humains fondamentaux pourrait avoir un effet sur le développement de l'infrastructure indienne dans l'avenir. Le volume total du commerce des produits entre le Canada et l'Inde a atteint 1,25 milliards de dollars en 1998, incluant un surplus commercial de 549 millions de dollars en faveur de l'Inde. L'investissement canadien dans ce pays est appréciable; les investissements approuvés s'élevaient à 125 millions de dollars en 1997.

Depuis que la libéralisation a commencé, le gouvernement indien a régulièrement abaissé les tarifs douaniers, depuis un sommet de 300 p. 100, en 1991, jusqu'à un maximum de 40 p. 100 en 1997-1998 (avec quelques exceptions). Cependant, le budget de 1996-1997 annonçait des droits supplémentaires temporaires de 2 p. 100, auxquels d'autres droits temporaires de 3 p. 100 ont été ajoutés en septembre 1997. Ces droits restent en place et 4 p. 100 de droits de douane supplémentaires spéciaux ont été introduits dans le budget de juin 1998. Le Canada a exprimé sa préoccupation à l'égard de ces droits de douane supplémentaires et abordera à l'OMC ce problème avec d'autres pays intéressés.

L'Inde offre des possibilités importantes pour le commerce et l'investissement canadiens, en particulier dans les secteurs où le Canada est traditionnellement fort, dont les télécommunications, le matériel et le génie électriques, le développement d'infrastructure et les technologies environnementales. Selon l'Economist Intelligence Unit, l'Inde aura une économie de 700 milliards de dollars américains et une classe moyenne de 80 millions de ménages d'ici une certaine de mois. Ce sont ces facteurs favorables qui expliquent le succès de la mission d'Equipe Canada en Inde en 1996, au cours de laquelle le premier ministre Chrétien a dirigé une délégation composée de sept premiers ministres provinciaux, de deux ministres fédéraux et de 300 gens d'affaires pour resserrer les liens d'échange et d'investissement.

Résultats obtenus en 1998

- Dans le cadre de l'OMC et en vertu d'accords conclus avec le Canada et avec plusieurs autres pays (l'Union européenne, le Japon, la Suisse, l'Australie et la Nouvelle-Zélande), l'Inde supprimera les restrictions aux importations appliquées à une variété de produits intéressant les exportateurs canadiens. Ces entraves au commerce prennent généralement la forme de contingents quantitatifs et d'interdictions d'importation de produits couverts par environ 2 700 postes tarifaires distincts. Les restrictions seront retirées en trois étapes (d'avril 1997 à mars 2003). Le premier « lot » de postes tarifaires a été libéralisé dans le cadre de la politique annuelle d'import-export, en avril 1998. L'Inde s'est également engagée à éliminer toutes les barrières à l'importation de produits couverts par l'ATI au cours de la première étape.

Priorités du Canada en 1999

Malgré le potentiel offert par l'Inde du côté du commerce et de l'investissement, plusieurs problèmes entravent encore l'accès aux marchés publics de l'Inde. De façon générale, il y a un manque de transparence dans les processus décisionnels et dans le choix des adjudicataires, et l'on trouve encore un grand nombre d'obstacles à l'importation, bien que leur nombre diminue.

Un certain nombre de grands projets canadiens dépendent des réformes économiques qui seront apportées dans les secteurs examinés ci-après.

Télécommunications

Les entreprises canadiennes continuent d'éprouver des difficultés à pénétrer le marché indien des produits et services de télécommunications. Dans le secteur des services de base et des services cellulaires, le manque de transparence des appels d'offres et l'addition de frais supplémentaires après l'adjudication des contrats sont autant d'obstacles à l'accès au marché. Certains des nouveaux frais pour services de base et services cellulaires ont toutefois été abaissés ou éliminés.

L'Inde a participé aux négociations sur les télécommunications de base dans le cadre de l'AGCS; elle a essentiellement consolidé son régime actuel, qui prévoit la présence de l'entreprise du gouvernement plus deux firmes de télécommunications cellulaires du secteur privé.

à l'obligation de NPF de l'OMC et ouvrir son marché pour ses produits au Canada et aux autres membres de l'OMC.

Le problème actuel de discrimination progressive

sur le marché du Taipei chinois doit être résolu pour que le Canada puisse conclure officiellement les négociations bilatérales sur l'accès au marché avec le Taipei chinois. Les négociateurs canadiens ont rencontré leurs homologues du Taipei chinois plusieurs fois pour aborder ce problème. Le Canada a également soulevé la question de l'aggravation de la discrimination du régime d'importation du Taipei chinois au cours des délibérations du groupe de travail de mai 1998.

Il y a eu un développement positif pour les exportateurs canadiens en 1998, avec les réductions par le Taipei chinois des tarifs douaniers appliqués aux graines de colza canola (ramenés à 3,5 p. 100) et à l'huile de colza canola (ramenés à 6 p. 100). Ces réductions, appliquées aux NPF, résultaient des pressions canadiennes pendant les négociations sur l'adhésion. Elles ont été mises en œuvre à titre intérimaire le 15 juillet 1998, pour un an, en attente de l'approbation législative.

En dehors du Canada, le Taipei chinois a maintenant conclu formellement ses discussions bilatérales avec la plupart des 26 partenaires commerciaux avec lequel des négociations avaient été entreprises. En conséquence, les négociations sur l'adhésion du Taipei chinois sont maintenant passées au stade multilatéral. La réunion de mai 1998 de ce groupe de travail (la première depuis février 1997) a porté sur la discussion d'une ébauche de rapport du groupe de travail et d'un protocole d'adhésion. Le Canada a également participé à une réunion informelle plurilatérale d'experts en juillet, axée sur les questions de politique agricole et sur les subventions. Dans le cadre de son adhésion à l'OMC, le Taipei chinois a également demandé d'adhérer à l'Accord de l'OMC sur les marchés publics, et nos négociations bilatérales à ce sujet continuent.

## INDE

### Aperçu

L'économie indienne a considérablement changé depuis 1991, année où l'Inde a lancé son programme de réformes économiques et de libéralisation des échanges et des investissements. Le taux de croissance économique a été de 6 à 7 p. 100 par an de 1993

## TAIPEI CHINOIS (TAIWAN)

### Aperçu

En 1998, les exportations de produits canadiens destinées au Taipei chinois ont atteint un total de 1,12 milliards de dollars. Le Taipei chinois était au cinquième rang des marchés d'exportation du Canada dans la région Asie-Pacifique, représentant 6,2 p. 100 de nos exportations totales dans la région. Sur le plan mondial, il représentait le neuvième marché du Canada. La valeur totale des importations de produits du Canada en provenance du Taipei chinois s'élevait en 1998 à 4,03 milliards de dollars. L'économie du Taipei chinois reste très dépendante du commerce. Le pays est un exportateur important ainsi qu'une source majeure d'investissements pour la région, en particulier en Chine et dans l'Asie du Sud-Est, et il est en train de devenir un importateur régional important. Cela a donné un élan vigoureux au commerce et à la libéralisation des marchés, bien que les pressions politiques internes continuent de favoriser l'application de mesures protectionnistes ayant un effet sur les importations agricoles et agroalimentaires et sur le secteur des services financiers, par exemple.

L'objectif du Canada dans les négociations avec le Taipei chinois concernant l'adhésion de ce pays à l'OMC a été d'obtenir un accès plus large et non discriminatoire au marché pour une grande variété de produits et de services canadiens. Les négociations bilatérales avec le Taipei chinois ont débuté en 1994. La 13<sup>e</sup> séance de négociations, à la fin de 1997, a débouché sur une entente provisoire. Il ne manquait plus que des clarifications concernant quelques produits et une vérification finale de l'offre du Taipei chinois pour que nos négociations bilatérales aboutissent à une conclusion formelle.

Des développements survenus au début de 1998 ont cependant amené le Canada à rouvrir les négociations bilatérales. En février, dans le cadre d'un accord bilatéral d'accèsion conclu entre le Taipei chinois et les États-Unis, le Taipei chinois accordait aux États-Unis un accès exclusif pour plusieurs produits de viande. Cela touchait les perspectives d'exportation de produits présentant un intérêt important pour les fournisseurs canadiens. Le traitement de faveur accordé aux États-Unis a été mis en œuvre en quelques mois et restera en vigueur jusqu'à l'adhésion du Taipei chinois. À ce moment-là, le Taipei chinois devra se conformer

règlement bilatéral en avril 1996, suivant lequel la Corée a convenu de modifier les lois et réglementations pour permettre l'importation d'eau embouteillée marquée à l'ozone. La législation modifiée a été adoptée en juillet 1997. Les nouvelles dispositions sont entrées en vigueur un mois plus tard, mais elles soulèvent de nouveaux problèmes pour les exportateurs canadiens du fait qu'elles comprennent des prescriptions pour l'étiquetage de l'eau embouteillée traitée à l'ozone qui ont un effet restrictif sur le commerce. À la suite d'autres demandes canadiennes, la Corée a modifié les réglementations en mars 1998, ce qui a finalement résolu le problème du traitement à l'ozone. En 1999, le Canada continuera de faire valoir son point de vue sur d'autres problèmes techniques de l'accès au marché, dont les exigences gouvernementales restrictives concernant la conservation à l'étalage et les exigences coûteuses relatives aux essais.

## Viande de phoque

La Corée interdit, de manière non officielle, l'importation de produits du phoque et n'a pas encore répondu à nos demandes concernant ses exigences de certification relatives à l'importation de viande de phoque déssinée à la consommation humaine. Depuis 1995, le Canada a fait valoir à de nombreuses occasions aux autorités coréennes que les phoques du Canada ne sont pas en danger et leur a demandé d'autoriser les importations.

Les autorités coréennes ont fait savoir au Canada que l'importation de phoques était libéralisée en Corée le 3 janvier 1995. Cependant, elles ont aussi déclaré qu'avant de permettre les importations elles doivent aussi vérifier si la viande a été traditionnellement ou communément utilisée en Corée pour la consommation humaine. Jusqu'à présent, nous n'avons pu obtenir aucune clarification permettant de vérifier quel est le ministre coréen responsable de cette question, malgré de nombreuses demandes dans ce but. Le Canada continuera de faire pression sur les autorités coréennes pour obtenir les approbations nécessaires pour la vente de viande de phoque en Corée.

## Matériel de télécommunications

Le 22 juillet 1998, le Canada et la Corée signaient une entente garantissant aux fournisseurs canadiens et coréens un accès non discriminatoire aux marchés publics des deux pays dans le domaine du matériel de télécommunications. Le Canada permettra aux

## INVESTISSEMENT ET SERVICES

conformes à ces décisions.

**Droits de douane sur les boissons alcoolisées**

L'Union européenne, les États-Unis, le Canada et le Mexique soutiennent que la Corée applique un régime de taxes discriminatoire envers les boissons alcoolisées importées. Le Canada a participé au mécanisme de règlement des différends avec la Corée dans le cadre de l'OMC et l'Organe d'appel ont tous les deux constaté que le régime fiscal coréen n'était pas conforme à l'OMC, et la Corée a déclaré qu'elle ferait le nécessaire pour que les taux de taxe soient conformes à ces décisions.

fournisseurs coréens de répondre aux appels d'offres d'entités particulières (ministères et organismes) du gouvernement fédéral du Canada. La Corée garantira aux fournisseurs canadiens l'accès aux appels d'offres de Korea Telecom.

Les principaux éléments de cet accord comprennent des procédures déterminées d'achat, de contestation des offres, de consultation et d'arbitrage. Un tel accord garantit pour les fournisseurs canadiens le même accès aux achats de Korea Telecom que celui dont bénéficient actuellement les fournisseurs des États-Unis et de l'UE en vertu de leurs accords bilatéraux respectifs concernant les achats dans le domaine des télécommunications.

Des progrès considérables ont été réalisés ces dernières années dans la libéralisation du régime de la Corée concernant l'investissement étranger. Un certain nombre de sociétés canadiennes se sont efforcées de profiter de nouvelles occasions d'acquisition. Le Canada a soutenu une mission d'investissement en Corée en novembre 1998. Ses activités comprenaient l'assemblée générale annuelle du Conseil canado-coréen des gens d'affaires, qui s'est concentrée sur les questions de développement bilatéral du commerce et de l'investissement de même qu'une réunion simultanée du Comité Canada-Corée de coopération industrielle et technologique et une forte présence canadienne à deux événements commerciaux coréens : « Technomart '98 » et « Newtech '98 ».

Le Canada continuera de demander l'inclusion de la récente libéralisation plus poussée du secteur financier dans les engagements internationaux de la Corée au cours des négociations de l'OMC sur les services.

les produits de colza canola ou l'harmonisation des tarifs douaniers des graines oléagineuses et des produits connexes.

### Droits de douane sur les pois fourragers

La Corée applique des droits de douane de 30 p. 100 sur les pois fourragers. Les droits perçus sur les produits (orge à 1 p. 100, blé fourrager à 1 p. 100). Le Canada considère que le droit actuel empêche l'importation de pois fourragers par rapport à d'autres produits, au détriment de l'industrie coréenne de l'alimentation animale. Afin de permettre à cette industrie d'avoir accès à ce produit fourrager de remplacement, le Canada a demandé que les droits de douane sur les pois fourragers ne soient pas supérieurs à 5 p. 100.

### Appels d'offres pour le soja

Le régime coréen d'appels d'offres géré par la Société de commercialisation de l'agriculture et de la pêche empêche les importateurs coréens d'avoir accès aux graines de soja (grade tofu) de première qualité et à prix fort que le Canada produit. La Corée impose un contingent tarifaire pour les graines de soja de consommation humaine, qui est administré par le biais d'appels d'offres internationaux, essentiellement en fonction du prix. Il s'agit d'un système rigide, où il est impossible d'avoir des prix élevés en fonction de la qualité, de soumissionner de petits lots ou de prendre des engagements à long terme. Le Canada considère que la Corée ne peut actuellement satisfaire aux besoins d'approvisionnement de son secteur de la transformation du soja en un produit de haute qualité et qu'il serait dans l'intérêt des deux pays d'élargir les règles de l'administration des importations.

### Eau embouteillée

Les exportateurs canadiens d'eau embouteillée ont été confrontés à un certain nombre d'obstacles techniques en Corée. Notre préoccupation principale concerne l'interdiction d'importer l'eau embouteillée traitée à l'ozone. Le traitement à l'ozone, qui sert à maintenir la qualité de l'eau embouteillée, est un procédé largement utilisé par l'industrie de l'eau embouteillée du Canada, des États-Unis et d'ailleurs. Le Canada juge qu'aucune considération scientifique ne justifie l'interdiction imposée par la Corée. En décembre 1995, le Canada a eu avec la Corée des consultations à ce sujet dans le cadre de l'OMC. Les deux pays sont arrivés à un

- continuer de faire valoir son point de vue sur les problèmes techniques de l'accès au marché de l'eau embouteillée, dont les exigences gouvernementales restrictives concernant la conservabilité à l'échelle et les exigences coûteuses d'essai;

- continuer de faire pression sur les autorités coréennes pour obtenir les approbations nécessaires pour vendre de la viande de phoque en Corée;
- signer avec la Corée un accord sur les achats dans le domaine des télécommunications;

- dans le secteur des boissons alcoolisées, surveiller les modifications fiscales nécessaires apportées par la Corée pour se conformer aux décisions de l'OMC;
- sur le plan de l'investissement et des services, continuer de demander l'inclusion de la libéralisation récente du secteur financier dans les engagements internationaux de la Corée au cours des nouvelles négociations de l'OMC sur les services.

## FACILITATION DE L'ACCÈS

### AU MARCHÉ DES PRODUITS

## Produits agroalimentaires et boissons

### Graines et huile de colza canola

Les exportations canadiennes de produits de colza canola sont défavorisées de plusieurs façons par les pratiques douanières coréennes. D'abord, il est impossible pour les exportateurs canadiens d'offrir des prix stables à long terme parce qu'ils ne peuvent compter sur le maintien en vigueur pendant plus de six mois des droits de douane appliqués. Par exemple, bien que les droits de douane appliqués à l'huile de colza canola aient été ramenés de 15 à 10 p. 100 en janvier 1999, le gouvernement canadien devra encourager la Corée à ne pas augmenter de nouveau les droits après juin 1999. Deuxièmement, la Corée maintient pour les produits du soja des droits de douane intérieurs à ceux qui sont appliqués aux produits de colza canola correspondants, malgré le fait que ces produits sont interchangeables et qu'il y a entre eux une concurrence au niveau des prix. La Corée est également favorable à l'utilisation de progressivité tarifaire, c'est-à-dire à l'application de droits de douane réduits sur les matières premières et de droits de douane plus élevés sur les produits transformés, dans le but de protéger les transformateurs coréens de graines oléagineuses. C'est pourquoi le gouvernement canadien vise à obtenir l'élimination permanente des droits de douane sur tous

La politique économique de la République de Corée a pour but de promouvoir son industrie interne et ses exportations tout en décourageant les importations de certains produits à valeur ajoutée. De façon générale, les tarifs douaniers, les licences d'importation et les procédures d'importation favorisent l'importation de matières premières et d'équipement industriel plutôt que de produits finis. Par exemple, la pratique coréenne de révision fréquente (tous les six mois) des tarifs douaniers appliqués donne de sérieux problèmes aux exportateurs qui essaient d'établir des relations d'affaires à long terme avec des importateurs coréens. Bien que les procédures d'importation aient fait l'objet d'une certaine libéralisation, d'importants obstacles et rigidités restent en place.

Le Groupe de travail Canada-Corée pour un partenariat spécial, mis sur pied en avril 1994, a pour objectif d'accroître la coopération dans des domaines comme le commerce, l'investissement, la coopération industrielle

En 1998, les exportations de produits canadiens vers la République de Corée ont atteint un total de 1,74 milliards de dollars et les importations, 3,31 milliards de dollars. La Corée est le troisième marché du Canada pour les exportations de produits dans la région Asie-Pacifique (après le Japon et la Chine) et le sixième au monde.

## Aperçu

### RÉPUBLIQUE DE CORÉE

De façon générale, les investisseurs canadiens sont confrontés à peu de difficultés à Hong Kong; les mouvements bilatéraux d'investissement entre Hong Kong et le Canada atteignent un total de 5 milliards de dollars en 1997.

## INVESTISSEMENT

Le 1<sup>er</sup> janvier 1999, le gouvernement de Hong Kong a autorisé la libre concurrence dans les services téléphoniques internationaux (IDD). Les services IDD étaient le dernier domaine dans lequel Hong Kong Telecom conservait un monopole. Cela fait de Hong Kong la région d'Asie la plus libérale du point de vue de la concurrence des télécommunications. Des licences ont été accordées à 30 exploitants pour fournir des services IDD à Hong Kong.

## Résultats obtenus en 1998

- En mars 1998, la Corée a éliminé les exigences restrictives d'étiquetage pour l'eau embouteillée traitée à l'ozone.
  - En juin 1998, la Corée a convenu d'informer le Canada à l'avance de toute modification de son tarif douanier sur les importations de luzerne.
  - En juillet 1998, la Corée et le Canada ont conclu un accord bilatéral sur les marchés publics qui permet aux fournisseurs canadiens de matériel de télécommunications de faire concurrence sur un pied d'égalité aux sociétés américaines et européennes.
  - En juillet 1998, la Corée a modifié ses réglementations restreignant l'utilisation de lettres de crédit pour les produits dont les droits de douane dépassent 10 p. 100 et lorsque les termes de remboursement sont supérieurs à un an.
  - En janvier 1999, le gouvernement coréen annonçait que le tarif douanier appliqué à l'huile de colza canola était ramené de 15 à 10 p. 100 pour les six premiers mois de 1999. Simultanément, le gouvernement coréen annonçait que les tarifs douaniers appliqués à l'orge et à l'orge de brasserie seront égalisés pour les six premiers mois de 1999.
  - demandeur à la Corée de maintenir les tarifs appliqués de façon ouverte et de ne pas revenir sur les réductions de tarifs;
  - organiser un séminaire sur l'alimentation qui aura lieu en Corée, pour montrer les avantages nutritifs d'un certain nombre d'aliments pour animaux, dont les pois fourragers, la luzerne et l'orge fourragère;
  - essayer d'engager la Corée dans des discussions concernant son administration des contingents tarifaires;
- et les transferts de technologie. Un sous-comité du Groupe de travail s'occupe des questions concernant l'accès au marché. Le Comité sur la coopération industrielle et technologique a également été créé dans le but d'approfondir la coopération entre les secteurs privés des deux pays. Il concentrera d'abord son attention sur la technologie de fabrication, les nouveaux matériaux, la biotechnologie, l'environnement, l'énergie et les télécommunications.

Depuis quelques années, les fournisseurs canadiens de services ont trouvé un accès de plus en plus large au marché chinois. La Chine continue toutefois de limiter les opérations des entreprises étrangères de services au moyen de restrictions quant aux endroits où elles peuvent s'établir et quant au nombre d'entreprises étrangères autorisées à exercer leurs activités dans certains secteurs, ainsi qu'au moyen de divers règlements, y compris des critères pour l'octroi de permis qui sont discriminatoires envers les firmes étrangères. Le Canada s'efforce, dans le cadre du processus de l'adhésion de la Chine à l'OMC, de l'amener à tempérer ou à retirer ces restrictions. Il souhaite tout particulièrement faciliter l'accès de ses entreprises aux secteurs des services de la Chine. Le Canada concentre ses efforts sur les services financiers, les services de télécommunications et les services professionnels, où les Canadiens excellent et qui offrent présentement un fort potentiel.

### Services de télécommunications

Il est interdit aux sociétés étrangères de posséder ou de participer à l'exploitation de l'infrastructure chinoise des télécommunications. Cependant, depuis la création de China Unicom, société nationale de services de télécommunications établie pour faire concurrence à la société existante China Telecom, la pratique dite « chinois-chinois-étranger » (CCE) permet aux étrangers de dériver un revenu des services chinois de télécommunications au moyen d'une combinaison complexe de contrats de gestion, de location d'équipement, de frais de consultation et de redevances de licences, ce qui a éloigné les étrangers de l'exploitation de services. La plupart de ces investissements concernent des projets de communications mobiles GSM, à l'exception de deux projets de services téléphoniques locaux. Bien que la structure CCE ait été utilisée par plusieurs investisseurs étrangers sans objection des autorités chinoises, le gouvernement a récemment entrepris une révision profonde de sa politique concernant la structure CCE et imposé un blocage interdisant toute expansion et tout nouveau projet.

### INVESTISSEMENT

Le 1<sup>er</sup> juillet 1997 a vu la réintégration de Hong Kong à la Chine après 150 ans d'administration britannique. Les détails du transfert de souveraineté ont été établis par la Déclaration conjointe sino-britannique de 1984 et par la Loi fondamentale, constitution de la Région administrative spéciale de Hong Kong promulguée par le Congrès national du peuple chinois en avril 1990. La Loi fondamentale accorde une autonomie considérable à la région pour la gestion de ses affaires économiques, commerciales, culturelles et politiques et ce, pour une période de 50 ans après 1997. La Région de Hong Kong jouit de son propre système financier et formule sa propre politique monétaire et financière. Le dollar de Hong Kong continue de circuler et d'avoir cours légal. Hong Kong reste un port libre et un territoire douanier distinct. Elle peut entreprendre des relations avec des États et des organismes internationaux sur les questions concernant l'économie, l'argent et les finances, les transports maritimes, les communications, le tourisme, la culture et les sports. Sous l'appellation « Hong Kong, Chine », elle est membre de l'APEC et de l'OMC.

Les entreprises canadiennes continuent d'avoir un excellent accès au marché de Hong Kong et il n'existe aucun problème bilatéral en suspens à cet égard. Le gouvernement de Hong Kong continue d'élaborer ses politiques économiques, financières et budgétaires en fonction de ses propres intérêts et de sa dépendance envers le commerce. La politique d'intervention minimale du gouvernement dans l'économie continue de s'appliquer également au commerce des produits et des services, ainsi qu'à l'investissement.

### Aperçu

### HONG KONG

négociation d'un FIPA. Selon Statistique Canada, la valeur de l'investissement direct du Canada en Chine s'élevait à 377 millions de dollars en 1997 et le chiffre de l'investissement direct potentiel est probablement beaucoup plus élevé. De nombreuses réformes sont en cours en Chine, du fait de son processus d'adhésion à l'OMC et en raison de l'intérêt pour le pays d'attirer des investissements étrangers; cependant, de nombreux secteurs sont sous le contrôle de l'État. Le Canada juge essentiel que les principes de traitement non discriminatoire, de protection de l'investissement et de règlement efficace des différends s'appliquent à l'investissement canadien en Chine.

à détecter et éliminer celles qui sont strictement qualitatives et constituent des entraves commerciales dissimulées ou inutiles. Le but recherché est d'obtenir l'application des normes internationales et d'améliorer l'accès par des mécanismes tels que les ARM.

Le Canada aborde de la même façon les nombreux obstacles à l'importation des produits agricoles qui prennent la forme de mesures sanitaires et phytosanitaires. On constate qu'il existe toujours un manque de transparence des règles et de l'administration du régime chinois de mesures sanitaires et phytosanitaires. L'ACIA collabore étroitement avec la Chine sur un certain nombre de questions touchant ces mesures, notamment celles qui entravent l'accès au marché chinois des exportations canadiennes de produits de la viande, de tabac, de pommes de terre de semence et de maïs de semence.

## EXEMPLES DE PROBLÈMES D'ACCÈS

### Matériel de télécommunications

Les ventes de matériel canadien de télécommunications à la Chine vont bon train. Il subsiste toutefois certaines inquiétudes quant au processus d'appel d'offres pour ce genre de matériel. De plus, l'organisme chargé de réglementer ce secteur de l'économie chinoise, le ministère de l'Industrie de l'Information, est également un fournisseur. Il fait donc concurrence aux importations tout en étant le principal transporteur et client. Cela crée un risque d'influence indue sur les décisions d'achat. Le ministère a parfois invité les acheteurs de produits de télécommunications à favoriser l'équipement produit localement. Certains indices permettent aussi de croire que les exportateurs doivent satisfaire à des normes qui s'ajoutent à celles qui ont été définies par la Chine.

La Chine continue de s'opposer à la participation d'entreprises étrangères aux opérations internes de télécommunications. Le ministère de l'Industrie de l'Information encourage activement l'investissement étranger direct et l'entrée de technologies étrangères, mais il ne permet pas aux entreprises étrangères d'avoir dans le système de télécommunications lui-même. La pénétration du marché du matériel n'est possible que dans le cadre d'une coentreprise avec un fabricant chinois ou par la vente de produits assujettis à des droits de douane. Les entreprises étrangères peuvent installer, mais non pas exploiter, des systèmes de télécommunications.

### Papier journal

En octobre 1997, la Chine a mis en place un nouveau tarif variable dont la valeur est inversement proportionnelle au prix du produit importé, le montant de base se situant à 550 \$US la tonne. Suivant cette échelle, les droits de douane pourraient varier de 3 p. 100 pour les importations à prix élevé à 45 p. 100 pour les produits bas de gamme. Ce taux variable a pour but de compenser les pertes de recettes découlant des fluctuations de prix et a été adopté en réaction à une chute brutale des prix du papier journal sur les marchés mondiaux, qui avait eu pour effet d'abaissier le prix produit en Chine. Le Canada a tenu des discussions au sujet de ce tarif avec la Chine et a exprimé la crainte qu'il ne crée des distorsions dans les échanges et les décisions de production.

### Contingents tarifaires sur les produits agricoles

La Chine a fait connaître son intention de mettre en place un régime de contingents tarifaires s'appliquant à un certain nombre de produits agricoles importés. Près de 20 p. 100 de la valeur des exportations canadiennes vers ce pays en 1997 pourraient être touchés par cette nouvelle mesure. Il importe donc tout particulièrement que ce régime soit appliqué de façon aussi ouverte, transparente, efficace et prévisible que possible afin de ne pas susciter de distorsions dans les échanges. Le Canada continue de collaborer étroitement avec la Chine pour veiller à ce que ce régime de contingents tarifaires, s'il est établi, ne désavantager pas les produits agricoles canadiens.

### Porc et viande de bœuf

En mars 1997, le Canada a signé des protocoles d'importation de viande de bœuf et de porc avec la Chine. Il était prévu que ces protocoles amélioreraient l'accès au marché pour le porc et la viande de bœuf du Canada. Malheureusement, aucun échange n'a eu lieu en vertu des protocoles. Cela est dû principalement à l'incertitude prolongée concernant les procédures d'importation chinoises pour le porc et la viande de bœuf et aux restrictions sévères concernant la santé des animaux pour le porc. Le Canada continue de demander à la Chine de clarifier ces procédures, afin que des échanges régularisés puissent se dérouler le plus tôt possible.

La République populaire de Chine (sans compter la Région administrative spéciale de Hong Kong) se classe au cinquième rang des marchés d'exportation du Canada. En 1998, les exportations totales de produits à destination de la Chine atteignaient 2,12 milliards de dollars et la valeur totale des produits importés se chiffrait à 7,65 milliards de dollars.

Avec près du quart de la population mondiale, la Chine devrait devenir le plus important marché de consommation au monde. On prévoit que d'ici l'an 2010, la Chine comptera plus de 500 millions de consommateurs de classe moyenne. Compte tenu d'un mode de vie de plus en plus occidentalisé parmi les classes moyennes urbaines et de l'atténuation des politiques isolationnistes du gouvernement chinois, cet énorme marché offre des attrait importants pour le Canada.

Comme le précise l'édition 1998 du *Plan d'action commercial pour la Chine et Hong Kong*, la stratégie

du Canada tient pleinement compte de l'importance grandissante de la Chine dans les affaires mondiales. Un partenariat économique entre la Chine et le Canada est un élément essentiel pour soutenir des relations à long terme et encourager l'intégration accrue de ce pays dans les institutions politiques et économiques mondiales et régionales.

Malgré les possibilités qu'offre la Chine, un nombre important de problèmes systémiques et de pratiques gênent l'accès du Canada à ce marché. Les négociants ne doivent pas perdre de vue que la Chine est composée d'un certain nombre de marchés régionaux distincts, chacun fonctionnant et évoluant selon un mode distinct et souvent autonome. Parmi les problèmes les plus saillants, on peut citer la présence de droits de douane élevés, de normes non appropriées et d'obstacles aux investissements, l'impossibilité de faire appel des décisions de l'Administration chinoise au moyen d'un processus de révision judiciaire, le traitement équivalent des entreprises étrangères et locales (traitement national). Le traitement équivalent des importations venant des pays différents (statut NPF), l'accès aux changes, la transparence du régime chinois, l'application uniforme des lois et règlements

à travers la Chine, les barrières non tarifaires (permis et contingents d'importation, etc.) et les subventions versées aux fabricants chinois. Ces questions font actuellement l'objet d'un examen dans le cadre des négociations multilatérales et bilatérales sur l'adhésion de la Chine à l'OMC. Les représentants chinois ont indiqué qu'ils souhaitaient vivement résoudre ces problèmes dans le cadre de ces discussions. Les résultats de ces négociations seront appliqués selon le principe de la NPF.

Les droits de douane élevés appliqués aux importations constituent l'un des principaux obstacles aux exportations canadiennes vers la Chine. Les producteurs canadiens sont particulièrement vulnérables si leurs produits sont en concurrence avec les produits de fabrication locale ou s'ils se vendent à un prix fixe sur les marchés mondiaux. Le Canada essaie de faire réduire les droits de douane sur les produits à contenu intellectuel car ceux-ci contribuent à l'emploi et à la croissance au pays de façon importante.

L'un des problèmes courants que rencontrent les entreprises canadiennes sur le marché chinois est le manque de transparence et l'application désordonnée des lois, des règlements et des pratiques d'importation. Ce phénomène reflète en partie le caractère décentralisé de l'Administration chinoise et la vigueur des centres de pouvoir locaux, dont les unités administratives agissent souvent sans égard aux ordonnances du gouvernement national ou aux lois écrites adoptées par les autorités centrales. Dans les procédures douanières, par exemple, il n'est pas rare que le même produit soit assujéti à des prélèvements différents selon le port où il arrive, car chaque port ajoute ses propres frais administratifs et autres aux droits de douane de base. Il en résulte une grande incertitude dans le calcul des coûts d'exportation, ce qui constitue un obstacle à l'établissement de rapports commerciaux soutenus. Dans le cas des projets d'investissement, le processus d'approbation manque souvent de clarté et il est difficile de savoir qui a le pouvoir de décision ultime à l'égard d'un projet donné. Le Canada craint aussi que les normes — et notamment les exigences quant aux inspections réglementaires — ne servent à entraver l'accès au marché au lieu d'être imposées, comme l'exige l'OMC, d'une façon à restreindre le commerce aussi peu que possible. Dans le contexte de ses discussions avec la Chine et des négociations en vue de l'adhésion de celle-ci à l'OMC, le Canada s'efforce d'obtenir une liste transparente des normes appliquées et cherche

## MATÉRIEL DE TÉLÉCOMMUNICATIONS

Le Japon et le Canada sont parvenus à une entente sur la reconnaissance mutuelle des rapports d'essai pour le matériel de télécommunications en 1986.

Un ARM volontaire pour les procédures d'essai et de certification dans le domaine des télécommunications a été élaboré dans le cadre de l'APÉC avec le soutien de la plupart des membres de l'APÉC, dont le ministère des Postes et des Télécommunications du Japon. Le Canada s'efforce d'obtenir une application rapide de cet accord entre le Japon et le Canada afin de faciliter le processus de certification du matériel d'interface destiné aux réseaux de câbles et surtout aux réseaux sans câble, et aussi pour en réduire le coût élevé.

## FACILITATION DE L'ACCÈS AU MARCHÉ DES SERVICES

## Services de télécommunications

Le Japon prend actuellement d'importantes mesures pour déreglementer son marché des services de télécommunications. Conformément à l'Accord sur les télécommunications de base, il a maintenant ouvert son marché à tous les fournisseurs de ce genre de services. Aucune restriction n'entrave la participation étrangère au capital des nouvelles sociétés créées dans ce secteur. La participation étrangère au capital de Nippon Telephone and Telegraph (NTT) reste limitée à 20 p. 100.

NTT exige des droits élevés d'interconnexion, appelés « droits de développement de réseau ». Il est possible d'adopter un type différent de connexion physique au réseau à plus bas coût, mais la qualité du service qui en découle est beaucoup plus basse. De plus, il est également exigé d'utiliser la technologie exclusive et coûteuse de NTT pour l'interconnexion. Actuellement, le Japon utilise la méthode de comptabilisation des « coûts fondés sur l'activité » pour déterminer les droits d'interconnexion, ce qui permet au titulaire d'inclure les coûts de développement dans ses calculs de coûts. Cependant, le Japon a pris l'engagement d'introduire au cours de l'année civile 2000 une législation spécifiant l'adoption de la méthodologie des coûts progressifs à long terme, qui devrait provoquer une baisse des coûts d'interconnexion international.

## Services financiers

La réforme, la déréglementation et la restructuration importantes du secteur des services financiers du Japon offrent maintenant aux sociétés canadiennes de services financiers de nouvelles possibilités. Le « Big Bang » de Tokyo vise à rapprocher les marchés financiers d'une norme compétitive mondiale. Le défi est considérable, mais des progrès sont apparents et les possibilités offertes aux participants étrangers se sont considérablement développées, de nouvelles références d'évaluation ayant été établies.

Les sociétés canadiennes ont l'expérience et les compétences nécessaires pour pénétrer le marché japonais dans les domaines de la gestion de produits, de la titrisation d'actifs et des assurances. Plusieurs sociétés canadiennes ont déjà développé leurs opérations existantes ou envisagent des investissements importants au Japon. L'ambassade a collaboré étroitement avec certaines des sociétés de services financiers qui sont nouvelles sur ce marché pour veiller à ce que les sociétés canadiennes disposent des mêmes chances que leurs concurrentes étrangères ou locales.

## INVESTISSEMENT

Ces derniers mois, le Japon a clairement indiqué son désir de favoriser une hausse des niveaux d'investissement étranger. Étant donné l'importance de l'investissement direct pour le commerce, le Canada continuera d'appuyer les modifications à la réglementation japonaise qui amélioreront le climat de l'investissement et qui facilitent la pénétration du marché. Dans plusieurs secteurs de l'économie japonaise, les investissements en provenance de l'étranger doivent faire l'objet d'une notification préalable en vertu de la loi sur le contrôle du change étranger et du commerce extérieur. Parmi les secteurs réservés aux termes du Code de libération des mouvements de capitaux de l'OCDE, mentionnons l'agriculture, l'exploitation forestière et la pêche, le pétrole, le cuir et les produits en cuir, le transport aérien et le transport maritime. Plusieurs autres secteurs sont réservés pour des raisons de sécurité nationale, y compris l'aéronautique et l'aérospatial, l'armement, le transport de passagers, l'énergie nucléaire, l'électrification, le gaz, l'alimentation en chaleur, l'adduction d'eau, les télécommunications et la radiodiffusion, les vaccins et les services de garde de sécurité.

## PRODUITS DE CONSTRUCTION ET LOGEMENT

Le Japon se situe au deuxième rang des marchés du Canada pour les produits de construction, après les États-Unis, les exportations de 1997 ayant dépassé 2,6 milliards de dollars, ce qui représentait une légère diminution par rapport à 1996. Le Canada reste un exportateur majeur de logements préfabriqués au Japon, les ventes de 1997 ayant atteint 181 millions de dollars.

La modification en juin 1998 de la loi sur les normes de construction visant à introduire des aspects axés sur le rendement (plutôt que d'employer des normes prescriptives) devrait être très favorable aux exportateurs canadiens. Une poursuite de la déréglementation dans le secteur du logement et d'une libéralisation plus poussée en ce qui concerne les produits de construction importés trait dans l'intérêt des consommateurs japonais et des fournisseurs canadiens de produits de construction en bois. Dans ce but, le Canada et le Japon poursuivront leur coopération en vertu des modalités de l'annonce conjointe de 1994 sur la coopération pour la reconnaissance mutuelle dans le domaine des normes de construction, afin de réduire le coût de la vente de produits canadiens de construction au Japon, par une réforme réglementaire et par la reconnaissance mutuelle des normes et des données d'essai pour les produits de construction et les méthodes de construction.

### Retrait des restrictions sur la construction de structures en bois à trois étages

Après les révisions des codes de la construction annoncées en 1997, la construction de structures en bois à trois étages est maintenant autorisée, mais le ministère

de la Construction limite la dimension à un maximum de 1 500 mètres carrés seulement. Cette restriction limite la construction de structures en bois pour les hôtels et pour d'autres applications mixtes à plus grande échelle. Le Canada continuera de demander le retrait de cette restriction.

### Révision des normes agricoles japonaises pour les produits de construction en bois

La révision et l'élaboration des normes agricoles japonaises appliquées aux matériaux de construction en bois importés ont été un processus long et coûteux. Le Canada collabore actuellement avec le ministère de l'Agriculture, des Forêts et de la Pêche du Japon à la révision d'un certain nombre de normes, dont les normes JAS 143 (bois d'œuvre structurel) et JAS 111 (catégorie de force par espèces et propriétés de lami-nage) pour faciliter les importations au Japon de produits canadiens de construction en bois. Le Canada continuera de demander la mise en œuvre sans tarder de ces normes révisées. De plus, des essais sont effectués pour fournir des données à ce ministère dans le but de libéraliser les normes des panneaux à particules orientées.

### Organismes certifiés de classement

Selon la loi japonaise sur les normes agricoles, aucun organisme étranger n'est autorisé à administrer un programme de certification et de contrôle de qualité. Si le Japon permettait l'accréditation d'organismes canadiens compétents, tels que les organismes accrédités de classement, le coût de l'observation des normes JAS pour les producteurs canadiens serait considérablement réduit. Les mesures pourraient être prises pour rationaliser les procédures permettant aux établissements étrangers d'obtenir et de conserver leur accréditation selon les normes JAS. En 1998, le Comité de révision des politiques du JAS a suggéré qu'une modification par le Japon qui permettrait d'accréditer les organismes de classement accrédités à l'étranger serait plus conforme aux tendances internationales d'harmonisation. Le Canada continuera de soutenir ce récent développement.

Le Canada continuera de suivre la question de près pour veiller à préserver l'accès à des produits alimentaires canadiens sûrs et sains.

### Essais spécifiques à certaines variétés de fruits et de légumes importés

Le Japon exige que certaines variétés de fruits et de légumes pouvant contenir des parasites nécessitant une quarantaine (comme les tomates et les pommes) soient approuvées pour importation. Le fondement scientifique d'une telle approche est contestable. De plus, les essais spécifiques à certaines variétés sont coûteux et retardent l'introduction de nouvelles variétés sur le marché au fur et à mesure de leur développement. Cela est particulièrement problématique pour les tomates cultivées commercialement, étant donné que de nouvelles variétés améliorées sont constamment mises au point pour un usage commercial. Par exemple, après sept ans de discussions bilatérales et d'essais, le Japon a mis fin à l'interdiction d'importation de sept variétés de tomates canadiennes en septembre 1996. De ces sept variétés, une seule est encore produite commercialement.

En juin 1998, le Canada a présenté au gouvernement japonais toutes les données techniques et scientifiques requises pour cinq nouvelles variétés, mais il n'a toujours pas reçu leur approbation commerciale finale. Tout en demandant l'approbation de ces cinq variétés supplémentaires dans le cadre du système actuel, le Canada demande au Japon d'éliminer cette exigence pour les nouvelles variétés de tomates.

### Programme de subvention de traitements génétiques dans le secteur laitier

Au milieu de 1998, le Japon a introduit un programme pour subventionner l'utilisation de semences provenant de lauriaux de race laitière pour encourager les agriculteurs japonais à améliorer les caractéristiques laitières de leurs animaux. Au début, la subvention n'était applicable qu'aux semences provenant de tau-

reaux japonais mais, après une intervention étrangère, le ministère de l'Agriculture, des Forêts et de la Pêche a révisé la liste des reproducteurs approuvés pour y ajouter certains reproducteurs étrangers, et les subventions sont devenues rétroactives jusqu'à juillet 1998. La liste révisée comprend un total de 67 reproducteurs, y compris 19 reproducteurs étrangers dont cinq sont canadiens. L'industrie canadienne sera en fait exclue du programme car les cinq lauriaux cités ne sont plus

produits ou sont morts, ce qui indique une faible dans le processus de sélection japonais. Par contre, sur un marché libre, où l'éleveur choisit la semence en fonction des traits génétiques désirés, le Canada bénéficie d'une part de 23 p. 100 du marché des importations japonaises. Le Canada préférerait que ce programme ne soit pas prolongé au-delà de mars 1999. S'il est prolongé, le Canada continuera de demander que le Japon augmente la liste de reproducteurs admissibles de manière à y inclure les 40 meilleurs lauriaux canadiens selon la liste des indices de rendement à long terme et que la liste soit constamment révisée en fonction des nouvelles évaluations de reproducteurs.

### Loi sur la salubrité des aliments

La loi japonaise sur la salubrité des aliments et les directives administratives afférentes n'établissent pas de distinction claire entre les problèmes de « salubrité » et de « qualité » liés aux produits alimentaires. Les facteurs de qualité ne posent pas de risque pour la santé et la sécurité des consommateurs et ne devraient pas, de l'avis du Canada, être traités de la même façon que les facteurs de salubrité. Le Canada considère que le Japon devrait mettre fin à sa pratique actuelle d'interdiction de vente de produits agroalimentaires fondée uniquement sur son évaluation de facteurs de « qualité » non désignables sans rapport avec la santé et la sécurité. La loi sur la salubrité des aliments impose également pour les aliments surgelés des normes beaucoup plus restrictives que pour les produits non surgelés. Cela a créé des problèmes dans certains ports pour les exportations d'aliments surgelés en provenance du Canada. Le Canada ne considère pas cette distinction comme scientifiquement justifiée. Le Canada espère aborder ce problème dans le cadre d'un dialogue technique entre fonctionnaires.

### Nourriture pour poisson en contenants hermétiques

Depuis juillet 1998, les autorités douanières japonaises ont estimé que les nourritures pour poisson enséchées provenant du Canada ne peuvent plus être admissibles en franchise de droits, en raison d'une norme prescriptive pour « emballage hermétique » qui exclut le type d'emballage employé par les exportateurs canadiens. L'ambassade continue ses discussions avec les autorités douanières à ce sujet.

## Étiquetage de produits alimentaires contenant des organismes génétiquement modifiés

modifiées seulement destinées à être transformées au Japon, en particulier lorsque ces traits caractéristiques ont déjà été soumis à des essais environnementaux sur le terrain dans d'autres variétés de la même espèce. De plus, comme cela est déjà le cas dans les processus d'approbation d'aliments et d'approbation environnementale, le processus d'approbation de sécurité alimentaire ne devrait pas faire la distinction entre les sous-espèces *Brassica Napus* et *Brassica Rapa*. Les efforts visant à persuader le Japon d'accepter ces normes d'approbation seront poursuivis.

Comme le Canada, le Japon propose un étiquetage obligatoire des produits alimentaires contenant des organismes génétiquement modifiés (OGM) qui ont été soumis à une modification importante de composition nutritive ou qui présentent un problème de santé pour une partie de la population. Cependant, l'étiquetage obligatoire est également envisagé a) pour les produits alimentaires contenant des organismes génétiquement modifiés qui peuvent contenir des ADN à organismes génétiquement modifiés ou de la protéine, et qui sont « substantiellement équivalents » sur le plan de leur utilisation, composition ou valeur nutritive, à des produits alimentaires « conventionnels » et b) pour les produits alimentaires à l'égard desquels il peut y avoir des « préoccupations d'ordre éthique », comme l'insertion d'un gène animal dans une plante. Les étiquettes portant des mentions telles que « sans ségrégation » et « sans OGM » sont envisagées pour les différentes options d'étiquetage obligatoire ou facultatif. Ces étiquettes pourraient présenter le risque de transmettre des renseignements erronés concernant la sécurité des produits alimentaires OGM qui sont « substantiellement équivalents » à d'autres produits « conventionnels ». Le Canada a donné au Japon une réponse à sa proposition d'étiquetage obligatoire et exprime ses préoccupations concernant a) le manque de logique d'un étiquetage obligatoire pour indiquer la présence de protéine et d'ADN résultant d'une modification génétique; b) les difficultés concernant l'observation et l'exécution des règles; c) la probabilité que le plan d'étiquetage japonais ne donne pas aux consommateurs des renseignements utiles sur les aliments et sur les ingrédients dérivés de la biotechnologie.

et 11,2 p. 100 et visent à protéger l'industrie locale de l'huile. Ces droits ont considérablement baissé depuis l'Uruguay Round et ils tomberont à 10,9 et 13,2 yens par kilogramme, respectivement, le 1<sup>er</sup> avril 2000. Cependant, les droits de douane limitent encore les importations d'huiles de cuisson brute et raffinées, ce qui confère un avantage concurrentiel aux triturateurs japonais qui s'approvisionnent en oléagineux sur les marchés mondiaux. Le Canada continuera d'exporter le Japon à réduire ses droits spécifiques sur l'huile de colza canola brute et raffinée dans le contexte d'une grande négociation multilatérale sur une protection zéro-zéro pour tous les oléagineux.

## Acceptation de colza canola transgénique

Le colza canola est le plus important des produits agricoles exportés au Japon par le Canada, les exportations de 1997 étant évaluées à 860 millions de dollars. La technologie transgénique désigne l'introduction d'un nouveau trait caractéristique, tel que la tolérance à des herbicides déterminés ou l'amélioration de la qualité nutritive, par l'insertion d'un gène provenant d'une autre espèce dans la plante de colza canola. Le colza canola transgénique est la première culture canadienne à modification génétique dont l'approbation soit demandée au Japon. De nouvelles variétés devront être approuvées par le Japon en fonction de lignes directrices concernant l'environnement, l'alimentation et la sécurité de l'alimentation. Le Japon a approuvé l'importation de trois variétés de colza canola transgénique en 1996 et étendu par la suite l'approbation de grains transgéniques à des descendances dérivées de façon conventionnelle. Depuis, le Japon a approuvé trois variétés transgéniques supplémentaires en 1997 et quatre autres en 1998.

Le processus japonais d'approbation reste un sujet de préoccupation et pourrait causer des retards dans l'acceptation de cultures transgéniques subséquentes, qu'il s'agisse de colza canola comportant des traits caractéristiques supplémentaires génétiquement modifiés, ou de traits caractéristiques transgéniques dans d'autres cultures. Le système japonais d'acceptation environnementale en plusieurs étapes reconnaît les approbations nord-américaines et permet qu'une plante entre dans le système japonais à un niveau plus élevé; cependant, le processus actuel maintient un écart de 18 mois entre l'approbation commerciale nord-américaine et l'approbation japonaise pour importation. Les essais environnementaux ne devraient pas être requis pour les variétés génétiquement

## Déréglementation

Depuis 1994, le Canada soutient activement les efforts

du Japon visant à stimuler l'économie par la déréglementation. Le Canada a participé à maintes reprises au processus de consultation officiel du Japon et a relevé les obstacles réglementaires internes qui limitent la croissance économique ou ajoutent des coûts inutiles pour les entreprises et pour les consommateurs. Des progrès sensibles ont été réalisés dans certains domaines, par exemple dans le cas du « Big Bang » dans le secteur financier, mais les succès sont limités dans d'autres domaines. Le gouvernement japonais a approuvé son deuxième programme de déréglementation de trois ans, qui prend effet le 1<sup>er</sup> avril 1998, et nommé un comité de la déréglementation, formé de représentants respectés des milieux d'affaires et du secteur académique, pour guider les efforts du gouvernement.

Le Canada a fait valoir son point de vue plusieurs fois à ce comité et à ses prédécesseurs et présente son dernier exposé le 9 octobre 1998. Cet exposé souligne des préoccupations particulières concernant trois secteurs spécifiques : les produits de construction et le logement; l'agriculture et l'agroalimentaire; les télécommunications. L'exposé du Canada portait également sur des préoccupations d'ordre général concernant les normes, la réforme structurelle (dont la politique de distribution et de concurrence), la distribution et l'énergie.

Les progrès réalisés dans le secteur des produits de construction sont les plus encourageants, en particulier en ce qui concerne l'adoption de règlements fondés sur le rendement dans la loi des normes de construction. En ce qui concerne les préoccupations canadiennes relatives à l'agriculture, il n'y a pour le moment aucun signe indiquant une réconciliation radicale comparable des idées. Dans le secteur des télécommunications, un examen est promis d'ici l'an 2000 au sujet des interconnexions entre réseaux, ce qui pourrait répondre à certaines préoccupations exprimées par le Canada.

## FACILITATION DE L'ACCÈS AU MARCHÉ DES PRODUITS

### Produits automobiles

Le Japon maintient des mesures ayant un effet de distorsion sur le commerce mondial des véhicules à moteur. L'Accord de l'OMC sur les sauvegardes exige l'élimination complète de ces mesures d'ici le 31 décembre 1999. Le Canada suivra les

## Produits agroalimentaires, poisson et boissons

commerce automobile.

Le Japon est le plus grand marché mondial pour les importations nettes de produits agroalimentaires, de poisson et de boissons, et il est au deuxième rang des marchés du Canada pour les exportations agroalimentaires, après les États-Unis. En 1997, nos exportations de produits agroalimentaires et de poisson ont dépassé 3 milliards de dollars. Le Canada cherche à développer son accès à ce marché important et il est préoccupé par certaines mesures japonaises concernant les tarifs, les mesures de sauvegarde, l'expérimentation environnementale et l'étiquetage d'organismes génétiquement modifiés, les questions phytosanitaires et les subventions. Dans de nombreux cas, le Japon soutient que ses politiques sont conformes aux engagements pris lors des négociations de l'Uruguay Round et que toute nouvelle réduction tarifaire ou concession concernant l'accès aux marchés devra faire partie des prochaines négociations de l'OMC. Il est prévu que ces négociations commenceront en 1999.

### Mesures de sauvegarde touchant le porc réfrigéré et congelé

En 1997, les exportations canadiennes de porc frais et congelé étaient évaluées à 337 millions de dollars et elles ont considérablement augmenté chaque année. Cependant, le Canada est préoccupé par l'application des mesures japonaises de sauvegarde (hausse du prix minimum à l'importation et des droits de douane) qui visent à restreindre la croissance des importations de porc réfrigéré et congelé. Depuis leur adoption en 1995, ces sauvegardes ont été un sujet de grave préoccupation pour les producteurs canadiens. Le Canada cherche une solution pouvant répondre aux préoccupations des exportateurs et des importateurs en éliminant les effets négatifs des sauvegardes sur le marché. Cela fera partie des priorités dans les prochaines négociations de l'OMC.

**Droits de douane sur l'huile de colza canola**  
Les droits de douane *ad valorem* japonais sur les huiles de cuisson se situent entre l'équivalent de 10,8 p. 100

Pour accroître les débouchés des exportateurs canadiens, le Canada a activement soutenu les efforts du gouvernement japonais en vue de stimuler l'économie japonaise au moyen de la déréglementation, du renforcement de la politique de concurrence et d'une libéralisation accrue du marché. Dans le contexte de cet environnement dynamique, le Canada et le Japon ont abordé une série de problèmes qui préoccupaient depuis longtemps les entreprises canadiennes :

- En juin 1998, le ministre de la Construction a adopté une loi qui a eu essentiellement pour effet d'axer la loi sur les normes de construction sur un système fondé sur le rendement.
- Le rapport du Comité d'orientation des normes agricoles du Japon du 20 octobre 1998 contenait de nombreuses recommandations qui devraient être favorables aux exportateurs canadiens. Par exemple, l'une d'entre elles suggérerait la privatisation des services de classement et d'inspection et une nouvelle harmonisation internationale des normes. Le ministre de l'Agriculture, des Forêts et de la Pêche applique maintenant les recommandations de ce rapport, y compris celles qui exigent des modifications législatives, qui doivent entrer en vigueur en 1999.
- Comme les exportateurs canadiens l'avaient demandé, le ministre de l'Agriculture, des Forêts et de la Pêche est en train de réviser les normes japonaises du contreplaqué structural pour tenir compte des placages en résineux dans le contreplaqué de classe 1 et pour tenir compte de l'évolution en faveur de normes fondées sur le rendement.
- Un employé du ministère japonais de la Construction a été affecté au Canada pour participer à l'évaluation et à l'élaboration de nouvelles normes qui puissent être appliquées au Japon, ce qui a permis d'améliorer et d'accélérer l'accès au marché japonais pour les produits de construction canadiens.
- Le Japon a offert de faciliter l'approbation de l'utilisation de clous canadiens dans la construction de bâtiments préfabriqués à expédier au Japon, à condition que le Canada montre que ses fabricants de clous respectent les normes industrielles du Japon ou que le Canada produise des données de force équivalente. Un tel changement pourrait réduire le coût et les difficultés auxquelles sont confrontées les PME dans la commercialisation au Japon de bâtiments préfabriqués.

## Priorités du Canada en 1999

Les mesures tarifaires formelles du Japon ont été régulièrement réduites à la suite de séries successives de négociations sur le commerce multilatéral. En 1998, plus de 70 p. 100 des exportations canadiennes pénètrent au Japon en franchise de droits. Cependant, même après l'application des réductions tarifaires obtenues dans le cadre de l'Uruguay Round, des taux tarifaires moyens élevés continuent de s'appliquer à de nombreuses exportations canadiennes, en particulier aux produits agroalimentaires à valeur ajoutée. Dans les prochaines négociations de l'OMC, le Canada s'efforcera d'obtenir l'élimination de droits de douane appliqués aux huiles végétales (en particulier au colza canola), aux aliments transformés, aux produits forestiers (papier journal, bois d'œuvre d'épinette-pin-sapin, contreplaqué en résineux, placages lamellés, panneaux à particules orientées et poutres lamellées), aux viandes rouges, au poisson et aux métaux non ferreux. Le Canada poursuit ses efforts en vue d'obtenir l'élimination d'obstacles techniques et réglementaires spécifiques, afin de favoriser les exportations canadiennes dans des secteurs prioritaires tels que les produits alimentaires et les matériaux de construction.

- Le Japon a accepté les normes canadiennes de la Commission nationale de classification des sciajes pour les assemblages à entures multiples et pour le bois classé par contrainte mécanique. Des progrès devraient être réalisés pour l'approbation d'une demande similaire concernant les panneaux de particules orientées.
- Les régimes japonais pour épargnants et titulaires de polices d'assurance, dans le domaine des valeurs mobilières et dans celui de l'assurance-vie, ont été ajustés pour protéger les institutions financières étrangères qui veulent pénétrer sur le marché japonais contre les obligations antérieures découlant des difficultés actuelles du secteur financier interne du Japon.
- Le ministre japonais de la Santé et du Bien-être a approuvé quatre variétés transgéniques de colza canola canadien, en plus des six variétés déjà approuvées en 1996 et 1997.
- Les exportations canadiennes de spiritueux distillés ont plus que doublé. Cette augmentation résulte du fait que le Japon a diminué ses tarifs douaniers et taxes d'accise en raison de ses obligations découlant des constatations d'un Groupe spécial de l'OMC sur le régime japonais de taxes sur les liqueurs.

En 1998, bien que le Canada ait bénéficié d'une forte performance économique, la composition de ses échanges avec le Japon a continué d'évoluer en fonction des conditions économiques changeantes dans les deux pays. L'ensemble de notre commerce de produits a chuté juste au-dessous de 20 milliards de dollars. Les exportations sont tombées de 20 p. cent et atteignent 9,64 milliards de dollars et les importations, s'élevant à 9,66 milliards, ont augmenté de 11 p. cent ce qui s'est traduit par une légère hausse du déficit commercial bilatéral. Pour les services, la valeur des exportations et des importations du Canada en 1998 se chiffraient à 1,2 et 1 milliards de dollars respectivement. Malgré la récession actuelle, les tendances à long terme du Japon indiquent une augmentation de la demande d'importations compétitives au niveau des coûts, ce qui représente pour les exportateurs canadiens une possibilité importante de développement de marchés.

Dans le cadre du *Plan d'action du Canada pour le Japon*, les milieux d'affaires et tous les paliers de gouvernement coopèrent pour exploiter les débouchés offerts dans six secteurs à forte croissance : l'agroalimentaire et la pêche, le tourisme, les technologies de l'information, les produits de consommation (mobilité, articles de sport et articles cadeaux), les matériaux de construction et les produits de soins de santé et instruments médicaux. Le Plan attire l'attention sur les nouvelles perspectives qu'offre le marché japonais par suite de la transformation de la structure de l'économie, de la déréglementation et de l'évolution des goûts des consommateurs. Il vise à sensibiliser l'industrie canadienne à ces évolutions et l'incite à adapter ses produits au marché japonais.

## GESTION DE LA RELATION COMMERCIALE

Le Canada et le Japon continuent de promouvoir le développement commercial et la coopération économique en vertu du Cadre de coopération économique de 1976 et du Programme de coopération Canada-Japon, révisé en novembre 1996 du premier ministre Jean Chrétien à Tokyo. Le Programme a réaffirmé un engagement commun en faveur d'une expansion du commerce et des investissements, par une amélioration de la transparence et de l'accès aux marchés.

Des consultations gouvernementales de haut niveau ont eu lieu à deux occasions importantes en 1998. La première concernait les discussions informelles

Le Canada et le Japon sont tous les deux favorables aux initiatives du secteur privé visant à améliorer les relations commerciales et ils encouragent ces initiatives, dont la Conférence annuelle des gens d'affaires Canada-Japon et les missions de délégations de gens d'affaires telles que la visite au Canada du Keidanren en 1996 et la visite au Japon, en novembre 1998, d'une équipe de haut niveau de gens d'affaires canadiens membres du Conseil canadien des chefs d'entreprises.

annuelles sur la politique commerciale tenues en mai, lorsque le sous-ministre adjoint de la Politique commerciale et économique du MAECI a rencontré son homologue au ministère du Commerce international et de l'Industrie du Japon pour examiner de très diverses questions multilatérales et bilatérales. Le plan multilatéral, les hauts fonctionnaires ont discuté des sujets tels que l'APEC, la crise financière asiatique, les façons d'aborder les nouvelles négociations de l'OMC et le commerce électronique; les discussions bilatérales comprenaient la réaction du Japon à l'examen par le Canada de la compétitivité du secteur automobile, des suggestions du Canada à propos du programme de déréglementation du Japon et le lancement réussi du programme d'échange de personnel entre le MAECI et le ministère du Commerce international et de l'Industrie du Japon. En octobre, le sous-ministre du Commerce du Canada et le sous-ministre des Affaires étrangères du Japon se sont rencontrés dans le cadre d'une réunion du Comité économique Canada-Japon. Cette réunion portait sur une variété de questions multilatérales et elle a été concentrée sur des préoccupations bilatérales particulières et sur des suggestions pour l'amélioration des liens bilatéraux, dont des consultations plus fréquentes. Alors que la politique commerciale et les réunions du Comité économique donnent une vue d'ensemble de la relation économique et commerciale, elles s'accompagnent de discussions complémentaires régulières concernant des sujets déterminés entre divers services hiérarchiques et des agences du Canada et du Japon, dans des secteurs tels que les télécommunications, la culture, les normes des produits de construction, l'environnement, le tourisme, les services aériens, la pêche, les oléagineux et les transports, pour n'en nommer que quelques-uns. La variété des thèmes des réunions donne une indication de la profondeur de la relation économique et commerciale que le Canada entretient avec le Japon.

- commencé les travaux concernant un annuaire APÉC de services professionnels;

- continué de mettre à jour le *Guide des régimes d'investissement de l'APÉC*, maintenant publié sur Internet;

- fait progresser les travaux sur la mise à jour du *Guide de l'arbitrage et du règlement des différends* dans les économies membres;

- élaboré un site Web sur les procédures douanières des membres de l'APÉC;

- convenu de secteurs prioritaires supplémentaires à aligner avec les normes internationales dans les domaines du matériel électrique et électronique relativement à la sécurité et à la compatibilité électromagnétique d'ici 2004/2008;

- conclu un ARM pour le matériel de télécommunications;

- élaboré un ARM sur les produits automobiles;

- produit le *Plan d'action sur le commerce électronique* de l'APÉC.

En 1999, le Canada veillera à la progression des travaux dans tous ces domaines et s'efforcera également d'inciter les économies membres à accorder aux gens d'affaires canadiens un accès comparable à celui que le Canada offre aux gens d'affaires étrangers.

Tous les documents de l'APÉC sont disponibles

sur Internet ([www.apsec.org.sg](http://www.apsec.org.sg)).

## JAPON

### Aperçu

Le Japon se situe au troisième rang des partenaires commerciaux du Canada, avec 2,98 p. 100 du total des exportations, et au troisième rang des investisseurs étrangers directs au Canada. Le Canada est le 1<sup>er</sup> partenaire commercial du Japon et occupe une position de leader en tant que fournisseur d'un certain nombre de produits clés tels que le charbon, l'uranium, les graines de colza canola, le bois d'œuvre et les maisons préfabriquées. Le Canada est en train de devenir pour le Japon une source de plus en plus importante de divers produits technologiques de pointe perfectionnés. D'autre part, le Japon est une source importante de placements de portefeuille au Canada et, selon des indications récentes, l'investissement canadien direct au Japon va augmenter.

les oléagineux, les produits alimentaires et les automobiles (cette proposition sectorielle comporte l'engagement d'un dialogue de politique régionale; elle ne comprend pas d'élément tarifaire).

Le Canada considère le fait de réitérer ces secteurs à l'OMC comme une occasion pour l'APÉC de contribuer à la structuration de toute négociation future dans le cadre de l'OMC (en particulier en ce qui concerne les produits industriels et le poisson, et dans une moindre mesure, l'agriculture et les services) et d'influencer le processus devant aboutir à la

Troisième Conférence ministérielle de l'OMC. Si les accords sectoriels des secteurs de l'APÉC ne sont pas finalisés dans le contexte de l'OMC avant cette réunion, le Canada voudrait utiliser le soutien de l'APÉC pour veiller à ce que nos secteurs d'intérêt particulier, qui comprennent les produits forestiers (bois et papier), le poisson, l'environnement, l'aviation civile, les engrais et les oléagineux soient pris en compte dans les décisions concernant la portée des futures négociations.

L'APÉC s'efforce de collaborer avec les entreprises pour définir les obstacles au commerce et à l'investissement. Les économies membres coopèrent afin d'élaborer des moyens pratiques de réduire ou d'éliminer ces obstacles. Même si aucun élément particulier du programme des travaux de facilitation du commerce de l'APÉC ne figure à la une des journaux, l'ensemble de l'effort entrepris est plus important que la somme de ses parties, dont le nombre dépasse 300. Une étude effectuée en 1997 par l'APÉC a conclu que les engagements actuels des économies membres visant à faciliter le commerce intra-APÉC auront un effet plus important sur la réduction des coûts et l'augmentation du PIB que les engagements existants de libéralisation du commerce.

En 1998, le Canada, qui a déjà été l'hôte du processus de l'APÉC, a eu pour souci principal de veiller à la poursuite des travaux concernant le vaste programme de la facilitation du commerce. Cette poursuite des travaux continuera de faciliter le commerce régional et d'en réduire les coûts, d'améliorer la prévisibilité de l'environnement commercial et de créer des occasions pour l'établissement de réseaux et de partenariats.

En 1998, l'APÉC a notamment :

- produit une version mise à jour du *Plan pour la modernisation des douanes de l'APÉC* : Collaboration avec les entreprises pour l'établissement d'une frontière plus pratique et plus rapide;

La libéralisation du commerce et des investissements dans le contexte de l'APPEC s'effectue de façon volontaire, chaque économie exprimant ses engagements unilatéraux dans son plan d'action individuel. En 1997, à Vancouver, les dirigeants ont adopté une initiative des ministres visant à élaborer des procédés ou des accords cadres pour une libération volontaire anticipée dans 15 secteurs, 9 d'entre eux devant être abordés en 1998 pour une mise en œuvre en 1999. Malgré les difficultés économiques et financières actuelles de certaines économies membres, les plus touchées d'entre elles ont cependant aussi maintenu leur engagement dans le processus, ce qui montre un désir résolu de continuer à faire progresser la libéralisation dans la région et sur le plan mondial.

Lors de la réunion ministérielle de l'APPEC de novembre 1998 à Kuala Lumpur (Malaisie), les ministres ont souligné les progrès réalisés en 1998 pour la finalisation des accords concernant huit des neuf secteurs « prioritaires » (produits forestiers, poisson, environnement, produits chimiques, énergie, gemmes et bijoux, équipement médical et jouets).

Prenant l'approbation de 16 économies de l'APPEC comme point de départ, les ministres ont convenu que l'étape suivante devrait être de profiter de ces progrès pour élargir la participation à la partie tarifaire des propositions au-delà de la région de l'APPEC, avant sa mise en œuvre. Cela réduirait les problèmes de « cavaliers seuls » qui pourraient résulter de toute décision collective prise par les économies de l'APPEC pour réduire les tarifs NPF. Le travail concernant le neuvième secteur prioritaire, A/R/M qui ne comprend pas de réduction tarifaire, est terminé et a été approuvé par les ministres en juin.

Les ministres ont également convenu que l'APPEC informerait immédiatement l'OMC du désir des économies participantes que les négociations devant se dérouler dans le contexte de l'organisme multilatéral pour les réductions tarifaires de ces secteurs soient fondées sur les accords cadres de l'APPEC. Les ministres du Commerce de l'APPEC examineront les progrès réalisés sur cette initiative dans le contexte de l'OMC à leur prochaine réunion, en juin 1999. Les ministres examineront également les progrès réalisés dans l'élaboration d'accords cadres pour les six secteurs secondaires, c'est-à-dire l'aviation civile, les engrais, le caoutchouc,

## 6. Ouverture sur l'Asie-Pacifique

des ministres et des gens d'affaires ukrainiens. La fiscalité, les normes et l'application discrétionnaire des règlements font partie des principaux dossiers à l'étude.

L'expansion du commerce entre le Canada et l'Ukraine a été stimulée par la mission commerciale dirigée par le premier ministre Chrétien et le ministre Marchi, au cours du mois de janvier 1999. La mission a produit 18 accords commerciaux entre hommes d'affaires canadiens et ukrainiens, représentant une valeur estimée à 163 millions de dollars.

d'investissement dans l'infrastructure, les services et l'industrie sont des secteurs clés d'intérêt potentiel pour les investisseurs canadiens. L'accord existant pour la protection des investissements étrangers, signé par le Canada et l'URSS en 1989, donne une protection limitée aux investisseurs canadiens par rapport aux accords plus récents sur l'investissement, du type ALENA. La négociation d'un nouvel accord a commencé en janvier 1998 et a pour but d'améliorer les conditions permettant d'augmenter les investissements canadiens. Les risques auxquels les investisseurs sont actuellement confrontés dans la Fédération de Russie sont les préoccupations concernant la criminalité et la corruption, l'incertitude concernant les dispositions de la législation interne en attente et la possibilité de recours efficaces au moyen du système judiciaire pour résoudre les différends concernant les investissements. Le gouvernement continuera de travailler en 1999 dans le but de conclure un nouvel accord de protection de l'investissement et de défendre la position de plusieurs sociétés canadiennes confrontées à des litiges concernant des investissements dans la Fédération de Russie.

## UKRAÏNE

Les récents développements de la politique commerciale de l'Ukraine ont soulevé des préoccupations sérieuses parmi les partenaires commerciaux de ce pays, dont le Canada. Ces préoccupations sont communiquées aux représentants de l'Ukraine dans le contexte des négociations pour l'adhésion à l'OMC et de la Commission économique intergouvernementale bilatérale. Les augmentations arbitraires de taux tarifaires, le traitement discriminatoire des importations provenant de certains partenaires commerciaux sous forme d'exemptions de la TVA de 20 p. 100 et des restrictions quantitatives (ou la menace de telles restrictions) aux importations de produits clés, dont le matériel agricole, font partie des initiatives qui ont été prises par l'Ukraine, sans aucune consultation ni discussion.

L'Ukraine a demandé à se joindre à l'OMC en 1994, dans le cadre de son programme visant à axer son économie sur le marché et à adhérer aux organisations internationales. Au cours de l'année, le Canada continuera de se concentrer sur la nécessité d'accroître la transparence et d'offrir aux exportateurs canadiens de produits et de services un accès plus libre, plus sûr et

plus prévisible au marché ukrainien. Le Canada

est membre d'un groupe de travail de l'OMC chargé d'examiner la demande de l'Ukraine. Au sein de ce groupe, il continuera de s'intéresser à des aspects précis de l'accès au marché, dont les activités commerciales des entreprises d'État, y compris le troc, les marchés publics, les subventions, les politiques de prix et la fiscalité, la protection de la propriété intellectuelle, le régime douanier, les normes et autres obstacles techniques au commerce, les politiques du secteur agricole, les politiques et les règlements touchant le commerce des services et les accords commerciaux avec d'autres États de la Commission économique intergouvernementale. De plus, dans le cadre du processus d'adhésion, le Canada a entamé des négociations bilatérales avec l'Ukraine sur l'accès au marché de ses produits et services. L'Ukraine représente un débouché important pour les exportateurs canadiens. Nos exportations annuelles de produits en 1998 atteignaient un total de 20,2 millions de dollars et les importations, 68,9 millions de dollars. Le Canada cherche à obtenir que soient abaissés les niveaux des tarifs et que soient abolies les barrières non tarifaires érigées contre des produits qui intéressent ses exportateurs, tels que l'équipement destiné à l'industrie pétrolière et gazière, les produits et l'équipement agroalimentaires, les matériaux de construction, les produits de haute technologie et des articles industriels supplémentaires. Le Canada demandera à l'Ukraine de consolider ses engagements tarifaires, de se joindre à diverses initiatives d'harmonisation (zéro-zéro) convenues dans le cadre de l'Uruguay Round et d'offrir un accès non discriminatoire à des produits tels que les oléagineux. Il cherche également à obtenir de l'Ukraine qu'elle prenne des engagements en vue d'élargir l'accès dans des secteurs importants tels que les services professionnels, les services de télécommunications et les services financiers. Le Canada souhaite obtenir des engagements contraignants en ce qui concerne les séjours temporaires et les règlements qui permettent aux fournisseurs étrangers de services d'établir une présence locale en Ukraine. Par l'intermédiaire de la Commission économique intergouvernementale Canada-Ukraine, le Canada s'efforce, en collaboration avec les milieux d'affaires canadiens, de repérer les mesures spécifiques qui, en Ukraine, suscitent des obstacles au commerce et aux investissements bilatéraux, et de soulever ces questions dans les séances plénières et dans les réunions de groupe de travail avec

La protection de l'investissement en Russie reste une priorité pour le Canada, en particulier dans le contexte de la crise économique récente du pays. Le développement des ressources naturelles et d'autres formes

## INVESTISSEMENT

Bien que beaucoup de progrès aient été réalisés ces dernières années, la Russie a encore beaucoup à faire afin de réformer son système commercial et économique, pour le rendre conforme aux normes de l'OMC. Pendant toute l'année 1999, le Canada continuera de demander une plus grande transparence, ainsi qu'un accès plus ouvert, plus sûr et non discriminatoire au marché russe pour les fournisseurs de produits et de services canadiens.

La Fédération de Russie a présenté son offre initiale de tarifs en février 1998. En juin 1998, le Canada a engagé des discussions bilatérales à Moscou. Le Canada cherche à obtenir des concessions tarifaires sur les produits pouvant faire l'objet d'exportations vers ce marché dès maintenant et dans l'avenir, notamment le matériel pour l'industrie des hydrocarbures, les produits agricoles et agroalimentaires, les véhicules et le matériel tarifaire (zéro-zéro) convenues dans le contexte de l'Uruguay Round et d'offrir un accès non discriminatoire, par exemple dans le secteur des oléagineux.

L'évolution de la situation financière au cours de la deuxième moitié de 1998 a retardé le travail de préparation en ce qui concerne l'accès au marché pour les services. Il se peut que la Fédération de Russie présente une offre initiale en 1999. Dans les négociations subséquentes, le Canada lui demandera de prendre des engagements obligatoires concernant les déplacements temporaires de personnes et l'établissement d'une présence commerciale. Le Canada est particulièrement intéressé par les secteurs des services professionnels et autres — informatique et services connexes, télécommunications de base et perfectionnées, services financiers, services de construction, protection de l'environnement, services de transport. Le Canada cherchera à obtenir l'abolition des restrictions et des mesures discriminatoires dans ces secteurs pour les opérations transfrontalières, la consommation à l'étranger et la présence commerciale.

Au cours des discussions qui se sont déroulées en 1998, le Canada a souligné son soutien pour l'adhésion éventuelle de la Russie à l'OMC selon des conditions commercialement acceptables et généralement applicables aux nouveaux membres. Une fois accomplie, cette adhésion donnera aux exportateurs et aux investisseurs canadiens un accès plus facile et plus prévisible à cet important marché. Elle consolidera également le processus de transition économique dans la Fédération de Russie et renforcera le système commercial multilatéral.

## Adhésion à l'OMC

La Fédération de Russie a demandé à adhérer à l'OMC en 1993. Le Canada est membre d'un groupe de travail chargé d'examiner la demande de la Russie et participe à des discussions bilatérales avec elle pour faire progresser son adhésion.

La quatrième réunion annuelle de la Commission économique intergouvernementale aurait dû avoir lieu à l'automne 1998; elle a cependant été reportée en raison de la persistance de la crise financière et des retards de confirmation du premier ministre Primakov. Pendant la visite du vice-premier ministre russe Klukh au Canada, du 8 au 12 février 1999, il a été convenu que la prochaine session de la Commission économique intergouvernementale se tiendrait en Russie en 1999.

Il est également difficile d'obtenir des renseignements publics sur ces exigences réglementaires. Le Ministère des Affaires étrangères et du Commerce international a proposé, pour s'attaquer à ces difficultés, de créer un groupe de travail sur les normes et la certification, mais il a suspendu cette initiative en raison de contraintes financières. Néanmoins, la résolution des problèmes dus aux obstacles techniques au commerce avec la Russie demeure une priorité pour le Canada.

Dans le contexte de la Commission économique intergouvernementale et d'autres initiatives bilatérales, y compris la coopération technique, le Canada accorde son soutien aux réformes du Code fiscal russe, aux procédures de règlement de différends et d'exécution de contrats et à la mise au point de politiques d'encadrement pour le développement des richesses naturelles. Il s'est également efforcé d'obtenir que soient abolis de nombreux obstacles administratifs au commerce et aux investissements, et que soient uniformisées l'application et l'exécution des lois et des règlements.

L'initiative bénéficiant d'un soutien manifeste au pays,

le gouvernement a formellement annoncé le lancement

le Canada et les pays de l'AELE, le 9 octobre 1998.

Le Canada et l'AELE ont confirmé leur intention de

de terminer leurs négociations d'ici le milieu de l'an-

née 1999. Trois séries de négociations ont eu lieu : a

et de nouveau en février 1999. Six groupes de travail se

relatives à l'accès général au marché, à l'agriculture,

aux services et aux investissements, à la concurrence,

Les questions de propriété intellectuelle ont également

La phase en œuvre d'un accord de libre échange Canada-AELE est une initiative importante pour le

Canada, car elle complète et confirme les objectifs de

le Canada poursuit depuis longtemps et parce qu'elle

donne la possibilité d'établir un exemple pour les nég-

transatlantique et il offrit aux Canadiens un certain

nombre d'événements importants, il va en participant :

commerciales et d'investissement avec l'Europe

et avec les pays de l'ALL, 1

et d'activités dans une grande variété de forums

deux régions importantes et économiquement

Bien développées, la diffusion dans le public de cet accord et des discussions qui l'accompagnent auront

pour effet de faire prendre conscience des possibi-

offertes aux deux parties;

● Fournir des avantages immédiats et tangibles aux

experiments with investors as partners:

FÉDÉRATION DE RUSSIE

Απερçu

Malgré une croissance à deux chiffres tôt dans l'année, les effets de la crise financière se sont finalement fait sentir, de sorte qu'en 1998, l'ensemble des exportations

de produits du Canada à destination de la Fédération de Russie a chuté d'environ 24 p. 100, pour atteindre 276 millions de dollars. Les importations de produits au Canada en provenance de la Russie ont augmenté de 18 p. 100 pour s'élever à 732 millions de dollars. En 1997, la valeur de l'investissement canadien direct en Russie a dépassé 400 millions de dollars et concerne principalement le secteur de l'exploitation minière et celui du pétrole et du gaz.

## Relations bilatérales

La Commission économique internationale Canada-Russie a été établie en 1995, avec le mandat de relever et de résoudre les problèmes et les obstacles au commerce et à l'investissement auxquels sont confrontées les sociétés canadiennes et russes dans leurs marchés réciproques. Des groupes de travail sectoriels qui concentrent leurs efforts sur le pétrole et le gaz, l'agriculture, le logement et la construction, et le développement industriel dans les technologies d'avant-garde s'efforcent d'améliorer les possibilités offertes aux commerçants et investisseurs canadiens. D'autres groupes de travail ont été proposés dans les secteurs suivants : exploitation minière, environnement et secteur aérospatial. Sont également considérées des propositions d'événements ad hoc de la Commission économique intergouvernementale pour le secteur forestier et pour la promotion de relations économiques plus étroites entre l'Ouest canadien et l'Extrême-Orient russe.

Les exportateurs canadiens sont confrontés à une multitude de normes d'essai de produits et de certification avant que leurs produits ne puissent pénétrer dans la Fédération de Russie. Divers produits exigent fréquemment des certificats multiples de conformité (par exemple médicale, santé, sécurité au travail, chimique de ces certificats étant émis par des autorités russes différentes (qui se font parfois de la concurrence).

## Télécommunications

L'Accord de l'OMC sur les télécommunications de base est entré en vigueur le 5 février 1998. À cette date, la libéralisation interne par l'UE des services de télécommunications s'appliquera à tous les membres de l'OMC. Le Canada continuera de vérifier l'exécution par les États membres de leurs obligations en vertu de l'AGCS, en particulier en ce qui concerne l'interconnexion et la fin des monopoles de télécommunication.

ASSOCIATION EUROPÉENNE  
DE LIBRE-ÉCHANGE

## Aperçu

Dans un discours prononcé à Londres en octobre 1997, le premier ministre a déclaré que le Canada « serait favorable à la conclusion d'un accord de libre-échange entre le Canada et l'Association européenne de libre-échange ». En 1998, le commerce bilatéral de produits entre le Canada et les pays de l'AELE — la Suisse, la Norvège, l'Islande et le Liechtenstein — était estimé à environ 5,46 milliards de dollars. Les investissements bilatéraux ont atteint à 6 milliards de dollars en 1997.

À titre d'étapes préalables à la réalisation de cet objectif, le Canada a signé des ententes de coopération commerciale et économique avec la Suisse, la Norvège et l'Islande. Le quatrième pays membre de l'AELE, le Liechtenstein, a une union douanière avec la Suisse et il est donc couvert par l'entente Canada-Suisse. Ces ententes fournissent un cadre de discussion de questions bilatérales et multilatérales d'intérêt commun. En utilisant les ententes de coopération commerciale et économique comme base de discussion, un certain nombre de rencontres bilatérales de fonctionnaires ont eu lieu pendant le printemps de 1998. Ces réunions ont incité le gouvernement à entreprendre un programme étendu de consultations pour obtenir les points de vue de gens d'affaires, d'associations, d'universitaires, de particuliers intéressés, de représentants de la société civile et de leurs homologues provinciaux sur la viabilité d'un accord de libre-échange Canada-AELE. Un site Web du MAECI a également été créé et des informations ont régulièrement été présentées au Comité permanent des affaires étrangères et du commerce international, à des représentants provinciaux et des séances d'information et des discussions ont eu lieu à Toronto, St. John's, Montréal, Vancouver et Calgary.

## Interdiction des matériaux à risque spécifique

En juillet 1997, l'UE a proposé d'interdire l'utilisation de matériaux à risque spécifique dans le cadre des mesures liées à l'encéphalopathie bovine spongiforme (ESB). À l'origine, l'interdiction devait couvrir les produits d'origine animale utilisés dans les aliments, le fourrage et les engrais ainsi que dans les produits cosmétiques, pharmaceutiques et industriels, et aurait dû être appliquée à la fabrication du suif et des produits qui en sont dérivés.

En novembre 1998, la Commission a diffusé une ébauche de sa nouvelle proposition concernant les matériaux à risque spécifique, qui catégorise les pays en fonction du risque d'ESB. Le Canada a présenté des renseignements à l'UE à l'appui de notre affirmation selon laquelle le Canada n'est pas touché par l'ESB. En décembre 1998, le Conseil des ministres de l'Agriculture de l'UE a reporté pour une troisième fois consécutive l'interdiction d'origine des matériaux à risque spécifique, cette fois jusqu'au 1<sup>er</sup> janvier 2000. Le Canada continuera de suivre la situation afin de veiller à ce que l'accès au marché pour le suif et pour les produits qui en sont dérivés ne soit pas touché.

## Marchés publics

## AUTRES DOSSIERS

Ce n'est que récemment que l'UE a obtenu l'accord des États membres pour la mise en œuvre des modifications législatives requises pour que l'Accord de l'OMC sur les marchés publics entre en vigueur. Le plein respect des procédures d'achat n'a pas été démontré. L'accès aux marchés de l'UE dans un certain nombre de secteurs intéressant les fournisseurs canadiens (dont le matériel et les services de télécommunications, le matériel de transport et les services publics d'électricité) reste bloqué. Au nombre des obstacles qui restreignent l'accès à ces marchés, citons ceux qui ont trait aux normes, à la certification, à la qualification professionnelle et aux exigences de la qualification nationale. Le Canada poursuit ses entretiens avec l'UE sur ces dossiers dans le cadre du Groupe de travail sur les marchés publics de l'OMC, en vue de faciliter les échanges de produits et de services, et de réduire ou d'éliminer les obstacles tarifaires et non tarifaires.

## RÉGLEMENTATIONS SANITAIRES ET PHYTOSANITAIRES APPLIQUÉES AUX IMPORTATIONS

### Nématode du pin

Depuis juillet 1993, l'UE exige que les exportations canadiennes de bois d'œuvre résineux, à l'exception du thuya géant, soient soumises à un traitement à la chaleur pour assurer la destruction de la nématode du pin. Cette exigence a eu pour effet d'éliminer les exportations canadiennes de bois d'œuvre résineux non traité vers l'UE. Le Canada a indiqué à de nombreuses occasions qu'il considère l'exigence obligatoire du traitement à la chaleur comme excessive, étant donné le risque négligeable d'établissement de la nématode du pin dans l'UE sous l'effet du commerce de bois d'œuvre résineux canadien.

Au cours des années, le Canada a proposé d'autres mesures pour contrôler la nématode du pin tout en permettant le commerce du bois d'œuvre non traité, mais l'UE n'a pas accepté les propositions canadiennes de mesures moins restrictives à l'égard du commerce. À la demande du Canada, des consultations dans le cadre de l'OMC ont eu lieu le 15 juillet 1998, mais la question n'est toujours pas résolue. En 1999, des fonctionnaires collaboreront avec des représentants de l'industrie et des provinces pour étudier les mesures suivantes à prendre.

### Hormones du bœuf

En 1989, l'UE interdisait l'utilisation des hormones anabolisantes chez les animaux ainsi que l'importation de viandes produites à l'aide de ces substances. Le Canada et les États-Unis se sont toujours opposés à cette interdiction, qui ne repose pas sur des études scientifiques et constitue dès lors une entrave commerciale sans justification. La sécurité des hormones anabolisantes a été confirmée par le Codex Alimentarius, organisme international établi pour définir les normes de sécurité alimentaire, et par les examens scientifiques effectués par le Canada lui-même.

Le Canada et les États-Unis ayant transmis la question à l'OMC, un groupe spécial a conclu en août 1997 que l'interdiction par l'UE était une violation de l'Accord de l'OMC sur les mesures sanitaires et phytosanitaires, étant donné qu'il n'était pas fondé sur une preuve scientifique. La conclusion du groupe spécial a été par la suite confirmée par l'Organe d'appel de l'OMC en janvier 1998.

L'UE a jusqu'à la mi-mai 1999 pour mettre en œuvre les exigences des rapports du groupe spécial et de l'Organe d'appel. Le Canada a fait savoir à l'UE qu'il s'attend à ce que l'interdiction soit levée d'ici le milieu du mois de mai 1999. Si l'UE manque de se conformer à la décision de l'OMC, le Canada fera appel aux recours de l'OMC, ce qui comprend la compensation ou la suspension de concessions.

### Accord d'équivalence vétérinaire Canada-UE

En juillet 1994, la Commission européenne a engagé des discussions avec le Canada à propos d'un accord vétérinaire bilatéral sur les mesures sanitaires appliquées au commerce des animaux vivants et des produits d'origine animale, dont la viande, la volaille, les oeufs, les produits laitiers, le miel, le poisson et certains aliments pour animaux. Cet accord établit un mécanisme pour la reconnaissance de mesures sanitaires équivalentes maintenues par le Canada et par l'UE pour faciliter le commerce tout en protégeant la santé des êtres humains et des animaux. L'étape suivante de la mise en œuvre de cet accord comprend une vérification du système actuel de l'UE et l'établissement d'un comité de cogestion responsable de la supervision des dispositions d'un tel accord.

L'accord d'équivalence vétérinaire Canada-UE facilitera les échanges portant sur quelque 550 millions de dollars en exportations du Canada vers le marché européen et 250 millions en importations provenant de l'UE.

### Pommes de terre de semence

Une dérogation aux exigences phytosanitaires de l'UE est requise pour permettre l'accès continu à l'Union européenne pour les pommes de terre de semence canadiennes. La dérogation annuelle est fondée sur l'exigence que le Canada procède à des essais rigoureux en laboratoire et à la certification de zones exemptes de maladie dans l'Île-du-Prince-Édouard et au Nouveau-Brunswick, pour toutes les exportations vers l'Union européenne. Cette exigence s'applique en particulier à la filière bactérienne.

Une dérogation a été approuvée en novembre 1998 pour la période d'expédition de janvier à mars 1999. Le Canada continuera de demander à l'UE des approbations plus opportunes de dérogations annuelles ou un programme de dérogation pluriannuel.

sur les obstacles techniques au commerce dans leurs programmes d'étiquetage écologique, en particulier ceux qui concernent la transparence, et de veiller à ce que les producteurs étrangers puissent sans difficulté prendre connaissance des plans ou programmes d'étiquetage écologique. Le Canada entend poursuivre cette question à la fois dans le contexte de l'OMC pour déterminer si les règles actuelles sont adéquates et pour trouver d'autres solutions aptes à répondre aux préoccupations légitimes de l'industrie canadienne.

### Certification de forêts

Ces dernières années, un certain nombre de plans nationaux et privés de certification volontaire de forêts ont émergé, en réponse à la demande publique qui exigeait que les produits forestiers proviennent de forêts à durabilité gérée. La certification volontaire fait partie des nombreux outils potentiels utiles qui peuvent être employés pour promouvoir des pratiques de gestion durable dans l'industrie forestière. La possibilité que les produits forestiers canadiens exportés vers certains marchés européens et éventuellement aux États-Unis exigent une attestation prouvant qu'ils proviennent de forêts à durabilité gérée est une question qui préoccupe de plus en plus l'industrie canadienne. Bien que le Canada soutienne la certification comme activité de marché, dans la mesure où elle favorise la gestion de forêts durables, le potentiel de la certification volontaire pour promouvoir la gestion de la durabilité des forêts est incertain. Le Canada est préoccupé par l'expansion et l'acceptation de plans inappropriés, élaborés sans contribution de l'industrie et sans l'avoir consultée, et imposée aux consommateurs par des tactiques de pression de tierce partie. De tels plans pourraient jouer un rôle d'obstacle non tarifaire et auraient un impact négatif sur la gestion de la durabilité des forêts. Le Canada considère que les plans de certification de forêt devraient rester volontaires, être fondés sur le marché et ne pas avoir pour effet de créer des obstacles inutiles au commerce. Comme il y a plusieurs façons d'aborder la certification de la gestion de forêts, le Canada soutient l'acceptation de l'équivalence entre divers plans de certification de forêts qui ont été élaborés et qui sont fondés sur des processus ouverts, transparents et vérifiables.

européennes. Les représentants du Canada ont également discuté à de nombreuses occasions les mesures touchant l'amiante chrysotile avec leurs homologues

Le Canada considère que les interdictions imposées

par de nombreux pays européens ne peuvent reposer sur une évaluation scientifique des risques et qu'elles ne sont pas proportionnelles aux risques présentes par l'amiante chrysotile dans les applications spécifiées. (Un document technique commandé par la Commission européenne a récemment fait l'objet d'un examen par des pairs. Cet examen conteste même le bien-fondé du recours, de plus en plus fréquent, aux interdictions de l'amiante en Europe pour protéger la santé du public.) Le Canada estime, pour sa part, que les résultats des études scientifiques consacrées à cette question appuient le recours à une formule reposant sur l'utilisation contrôlée de l'amiante chrysotile. Le gouvernement s'est donc efforcé, chaque fois qu'il en a eu l'occasion, de persuader l'UE et les États membres de maintenir des politiques d'utilisation responsable plutôt que d'imposer des interdictions.

Le Canada a demandé à l'Organisation mondiale du commerce de faire appel à un groupe spécial de règlement de différends pour résoudre ce différend continu avec la France concernant l'accès au marché pour l'amiante chrysotile. Le Brésil et les États-Unis se réservent le droit d'intervenir en tant que tiers à propos de ce problème.

### Étiquetage écologique

La Commission européenne a mis en place un plan d'étiquetage écologique, appelé « Programme fleur ». Les produits visés comprennent un certain nombre de produits de papier (par exemple les papiers sanitaires). Les critères utilisés pour le programme reflètent dans une large mesure les exigences environnementales européennes, les valeurs européennes et les mesures de rendement européennes. Le Canada a été exclu du processus d'établissement des critères et il est préoccupé par le fait que le plan d'étiquetage écologique de l'UE n'a pas été élaboré de façon transparente et crée une discrimination favorable aux producteurs de l'UE. À la Conférence ministérielle de l'OMC, qui s'est tenue à Singapour en décembre 1996, les ministres ont souligné l'importance pour les membres de suivre les dispositions du Code de bonne pratique de l'Accord

à l'environnement pour que les colzas canolas GM ne soient pas approuvés pour le marché de l'UE. Cela a été confirmé par des rapports scientifiques favorables de la Commission européenne.

Comme les principaux marchés d'exportation du Canada pour le colza canola (le Japon, les États-Unis et le Mexique) ont accepté les variétés cultivées au Canada, l'industrie canadienne du colza canola a décidé en 1997 qu'il n'était plus justifiable sur le plan économique de séparer les productions des diverses variétés. Les colzas canolas GM capables de résister aux herbicides certifiés pour la production commerciale au Canada ont été soumis à des évaluations de sécurité et il a été établi qu'ils sont substantiellement équivalents au colza canola traditionnel. En 1998, environ 50 p. 100 de la surface de production de colza canola canadien concernait des colzas canolas génétiquement modifiés. Les exportations de colza canola canadien vers l'UE ont atteint un sommet de 425 millions de dollars en 1994. En 1998, en l'absence du Canada comme fournisseur, les États-Unis ont exporté des colzas canolas non GM vers l'Union européenne.

Cette question a été soulevée auprès de l'UE par le premier ministre ainsi que par le ministre d'Agriculture et Agroalimentaire Canada et le ministre du Commerce international. Le Canada continuera chaque fois qu'il en aura l'occasion de demander l'accès au marché pour les exportations de colza canola GM.

### Amiante chrysotile

En 1997, le Canada a exporté environ 16 millions de dollars d'amiante chrysotile et de produits contenant de l'amiante chrysotile vers l'UE, comparativement à 50 millions de dollars en 1993.

L'Autriche, le Luxembourg, la Suède, l'Italie, les Pays-Bas, la Finlande, l'Allemagne, la France et la Belgique ont sérieusement limité ou interdit l'utilisation de l'amiante chrysotile, qui est généralement importé, en faveur de substituts fabriqués chez eux. Il est prévu que la Commission européenne annonce l'interdiction d'importer, produire et utiliser tous les produits de l'amiante dès 1999.

Le gouvernement canadien, en collaboration avec le Québec, l'industrie de l'amiante, les syndicats et les communautés concernées, cherche à maintenir l'accès des produits de l'amiante. Le premier ministre Chrétien a soulevé ce problème avec ses homologues du Royaume-Uni et de la France et avec les communautés

### Colza canola génétiquement modifié

L'UE n'a pas encore approuvé toutes les variétés de colzas canolas génétiquement modifiés (GM) du Canada qui sont actuellement en production, si bien que le Canada ne peut pas exporter de colza canola vers l'UE. La position du Canada est qu'il n'y a aucune

défense de ses droits en vertu de l'Accord de l'OMC.

L'UE en 1998, tel que décrit ci-dessous, et poursuivra la soulever ces problèmes aux niveaux les plus élevés de des évaluations scientifiques. Le Canada a continué de tions canadiennes et ne sont pas toujours fondées sur donné qu'elles ont un effet défavorable sur les exporta-sont une préoccupation majeure pour le Canada, étant niques, que l'UE emploie de plus en plus. Ces mesures des consommateurs constituent d'autres obstacles tech-Des mesures censées protéger la santé et la sécurité plus hauts niveaux.

continuerons de soulever ces questions avec l'UE aux obstacles techniques préoccupent le Canada et nous fondées sur des recherches scientifiques sérieuses. Ces des consommateurs mais qui ne sont pas toujours mesures qui sont censées protéger la santé et la sécurité tiendra à Cologne. L'UE a recours de plus en plus à des l'aventir lors du prochain Sommet Canada-UE, qui se dans lesquels pourront être menées des actions dans mesures et de faire rapport aux ministres, sur les domaines (ICEC), des fonctionnaires ont été chargés d'identifier ces Dans le cadre de l'Initiative commerciale Europe-Canada qui sont applicables simultanément à certains produits, entre les exigences de l'UE et celles des États membres, de l'UE et l'incertitude créée par les chevauchements ce qui concerne le problème de certaines exigences Il devrait cependant être possible d'aller plus loin en avec les réglementations existantes dans ces secteurs.

conséquence la réduction des coûts de conformité certification de produits. L'ARM devrait avoir pour fonctionnel utilisé par les organes de certification pour la au Canada du guide ISO/CEI 65, le guide interna-d'organes d'évaluation de conformité et l'application maintenant en cours, ce qui comprend l'accréditation tiques et la sécurité électrique. La mise en œuvre est pratiques manufacturières dans les produits pharmaceut-les bateaux de plaisance, les appareils médicaux, les communications et la compatibilité électromagnétique, respectives des deux parties couvre le matériel de télé-attestations de conformité avec les exigences techniques l'ARM Canada-UE de 1998 sur les essais et les

autonome en franchise de droits pour les crevettes traitées. Le Canada demandera l'élimination des droits existants dans toute négociation multilatérale future.

### Aluminium

La réduction des tarifs sur les lingots d'aluminium et autres métaux non ferreux reste une priorité pour le Canada. Le gouvernement soutiendra les efforts de l'industrie canadienne visant à encourager les producteurs et utilisateurs d'aluminium de l'UE qui pensent de suspendre les droits de douane de 6 p. 100 de l'UE sur l'aluminium, en attendant que nous fassions le nécessaire pour obtenir leur élimination dans les négociations tarifaires multilatérales futures de l'OMC.

### OBSTACLES TECHNIQUES

Un des éléments essentiels du programme du marché unique européen est l'élimination des obstacles techniques au commerce interne au moyen de la reconnaissance mutuelle des normes d'application volontaire et des procédures d'essai et de certification des États membres et par la promulgation de directives sur les exigences techniques essentielles s'appliquant à l'ensemble de l'UE. Ces directives couvrent un large éventail de produits englobant les matériaux de construction, les jouets, les machines, les appareils électriques, le matériel de terminal de télécommunications et les instruments médicaux. Le respect des directives techniques de l'UE, des lois ou, le cas échéant, des normes d'application volontaire sont des conditions nécessaires à l'accès aux marchés de l'UE pour un nombre croissant de produits.

De nombreux exportateurs canadiens considèrent que c'est la complexité de ces exigences, beaucoup plus que leur substance, qui pose un obstacle technique au commerce. Certaines directives de l'UE couvrent plusieurs secteurs, comme par exemple celle qui vise la conformité électromagnétique. D'autres, comme la directive sur l'équipement de protection individuelle, ne s'appliquent qu'à un produit ou à un secteur. On trouve cependant une troisième catégorie de directives, y compris celles qui s'appliquent au matériel de terminal de télécommunications, qui imposent des exigences techniques d'application à la fois spécifique et générale.

au marché grâce à cette disposition sera suivie de près et c'est l'expérience commerciale qui déterminera la position future du Canada relativement au régime européen d'importation de grains.

### Vin

L'accès à l'UE pour les vins canadiens exige la conclusion d'un accord bilatéral. L'UE exige que les exportations de vins de plus de 1 000 hectolitres par an soient soumises aux attestations de conformité selon les pratiques œnologiques de l'UE. Elle demande également que les viticulteurs étrangers cessent d'utiliser des noms de vins d'origine européenne (appellations géographiques). Des produits canadiens importants tels que le vin de glace font l'objet de dérogations spécifiques.

Le Canada a engagé des discussions avec la Commission européenne à propos d'un cadre de négociation sur l'amélioration de l'accès au marché de l'UE pour les vins canadiens. Le Canada s'efforcera de veiller à ce que les vins canadiens puissent être exportés dans l'UE pendant la période de négociation. Le Canada cherche à obtenir la protection de l'appellation « Whisky canadien » dans le cadre des réglementations de l'UE.

### Poisson

Les exportateurs canadiens de poisson, de crevettes et de fruits de mer continuent d'être défavorisés par les tarifs élevés de l'UE. Ceux qui s'appliquent aux poissons de fond, dont plusieurs espèces intéressent le Canada, se situent entre 12 et 23 p. 100. Les exportations de crevettes nordiques sont assujetties à des taux de 12 à 20 p. 100, selon la forme du produit. Principalement en raison de ces obstacles, les exportations de poisson et de fruits de mer du Canada vers l'Union européenne ont continué de baisser, comme c'est le cas depuis une décennie, le chiffre étant tombé de 304 millions de dollars, en 1996, à 290 millions de dollars en 1997. Le gouvernement canadien continuera de considérer comme une priorité l'amélioration de l'accès à l'Union européenne pour les exportations de produits canadiens de la pêche, en particulier de crevettes nordiques. Le gouvernement soutient activement les efforts de l'industrie canadienne des crevettes pour parvenir à un consensus dans l'industrie alimentaire de l'UE afin de demander à la Commission et aux États membres un élargissement du quota

réexaminer le régime actuel et d'inclure l'utilisation des subventions de production de luzerne dans la réforme de la PAC.

La vente aux États-Unis d'avoine de l'UE grâce à des subventions élevées à l'exportation a également un effet grave sur les prix reçus par les producteurs canadiens. Le Canada a encouragé l'UE à restreindre l'utilisation de subventions à l'exportation sur l'avoine, qui devront être éventuellement éliminées. Le Canada poursuivra la résolution de cette question avec les États-Unis et avec l'UE en vue de limiter les exportations d'avoine subventionnée sur les marchés canadiens.

En ce qui concerne l'orge et le malt, le Canada a exprimé sa déception à l'égard du niveau élevé des subventions à l'exportation établies par l'UE pour ces produits ainsi qu'à l'égard de la façon dont les niveaux de subvention sont déterminés. Le Canada a l'intention de poursuivre ses discussions avec l'UE au milieu de 1999 à propos de la logique et de la méthodologie de l'octroi de subventions pour le malt, le but étant de réduire son impact sur les marchés canadiens.

### Régime d'importation de céréales

Le Canada estime que le régime d'importation de céréales de l'UE est incompatible avec les engagements qu'elle a pris dans le cadre de l'OMC, qui établissent qu'aucun droit de douane ne doit être appliqué lorsque le prix à l'importation dépasse le prix d'intervention de l'UE augmenté de 55 p. 100. Plutôt que de détenir les droits payables sur les céréales en fonction de la valeur de la transaction, l'UE a conçu un système de prix de référence fondé sur les cotes du marché américain des produits de base. Les cotes américaines n'ont rien à voir avec le prix fort que le Canada obtenait auparavant sur le marché européen.

L'une des principales préoccupations concernant l'accès à l'UE des exportations de blé canadien a été résolue en novembre 1998, lorsque l'Union européenne a mis en œuvre un second niveau de prix de référence pour le blé dur de qualité « moyenne », réduisant ainsi les droits de douane appliqués. Cette modification des réglementations de l'UE concernant les importations ne se terminera pas à la fin de la campagne agricole, ce qui était un des inconvénients des dérogations antérieures. Elle permet un accès aux marchés qui est équivalent à l'accès qui serait disponible dans le cadre d'un régime européen d'importation de grains compatible avec les règles de l'OMC. L'amélioration de l'accès

L'UE maintient des mesures ayant un effet de distorsion sur le commerce mondial des véhicules à moteur. L'Accord sur les sauvegardes de l'OMC exige l'élimination complète de ces mesures d'ici le 31 décembre 1999. Le Canada suivra les développements afin de veiller 1) à ce que les mesures ayant un effet de distorsion soient éliminées dans les délais prévus et 2) à ce qu'aucun nouveau plan ne soit conçu pour maintenir la distorsion du commerce automobile.

### AMÉLIORATION DE L'ACCÈS POUR LE COMMERCE DE PRODUITS

#### Politique agricole commune

La protection des producteurs agricoles dans le cadre de la politique agricole commune (PAC) de l'UE est restée une source de préoccupation majeure pour le Canada en 1998, étant donné que la PAC limite l'accès au marché de l'UE pour les produits agricoles canadiens et a un effet de distorsion sur les marchés des pays tiers en raison de l'octroi de subventions par l'UE pour la production et l'exportation de plusieurs produits agroalimentaires, dont les grains. Les changements proposés dans le cadre de la PAC vont contribuer à réduire certaines des distorsions sur le marché causées par les politiques de l'UE pour la protection des producteurs. Cependant, d'autres mesures devront être prises, en particulier pour réduire le besoin de subventions et pour dissocier le soutien des agriculteurs des décisions de production.

#### Subventions sur les produits agricoles

L'octroi de subventions par l'UE pour les exportations d'avoine, d'orge et de malt et le maintien de subventions de production pour la luzerne déshydratée restent une préoccupation majeure pour le Canada. De plus, le Canada considère que l'utilisation de subventions à l'exportation par l'UE risque de déclencher entre l'UE et les États-Unis une guerre de subventions au commerce. Le Canada a fait valoir son point de vue à ce sujet aux États-Unis et à l'Union européenne.

Dans le secteur de la luzerne déshydratée, les subventions de l'UE ont eu pour effet d'augmenter considérablement la production de luzerne dans l'Union européenne. Cela s'est traduit par la vente de la production excédentaire sur des marchés de pays tiers à très bas prix, ce qui a eu un effet marqué de déstabilisation sur le marché. Le Canada a demandé à l'UE de

- Signature en décembre 1998 d'un accord sur l'équivalence vétérinaire (exigences de santé applicables au commerce des animaux, du poisson et de leurs produits), qui fournira un mécanisme pour la reconnaissance mutuelle d'équivalence des exigences canadiennes et européennes d'inspection et de certification.

- Signature en décembre 1998 d'une modification de l'Accord Canada-UE sur la coopération scientifique et technologique, pour étendre la portée de l'Accord d'une liste de neuf secteurs spécifiques à tous les secteurs, y compris la biotechnologie.

- Signature en décembre 1998 d'un accord permettant les recherches coopératives par des consortiums canadiens et européens dans le domaine de l'utilisation pacifique de l'énergie nucléaire.

- Achèvement de négociations en vue d'un accord permettant les échanges d'information et la coopération entre les autorités canadiennes et européennes dans le domaine de la politique de la concurrence et des lois sur la concurrence.

- Modification par l'UE, en novembre 1998, de son régime d'importation de grains pour permettre la réduction des droits de douane sur les qualités inférieures de blé dur canadien.
- Réduction, le 1<sup>er</sup> janvier 1999, des droits de l'UE sur les excédents de contingent de papier journal, de 3,5 à 2,5 p. 100.

### Priorités du Canada en 1999

Les exportateurs canadiens intéressés par le marché de l'UE vont bénéficier de l'amélioration de l'accès résultant de la mise en œuvre continue des accords de l'OMC et des accords bilatéraux cités ci-dessus, qui vont au-delà des exigences de l'OMC. Cependant, une série d'obstacles s'opposant au commerce dans l'UE préoccupe encore le Canada, en particulier dans les secteurs de l'agriculture et des ressources naturelles et dans celui des produits pharmaceutiques. Les questions prioritaires sont détaillées ci-dessous; elles comprennent l'accès pour les céréales, l'approbation de colza canola génétiquement modifié, les restrictions à l'exportation de suif, l'étiquetage écologique, les normes et appellations viticoles, les droits de douane sur les crevettes, le poisson, les fruits de mer et l'aluminium, l'accès pour l'amiante chrysotile, le bois d'œuvre résineux non traité et la viande de bœuf produite avec des hormones de croissance.

UE élargie. En ce qui concerne Agenda 2000, le gouvernement suit les plans de réforme de la politique agricole commune et leurs implications pour les exportations canadiennes dans l'UE et dans des pays tiers.

Les relations commerciales entre le Canada et l'UE sont gérées dans le cadre des accords de l'OMC et de l'Accord cadre bilatéral de 1976 pour la coopération commerciale et économique, qui a établi une structure de comités consultatifs. Le *Plan d'action Canada-UE* de 1996 définit des lignes directrices pour la substance de la relation, avec toute une série d'ententes communes dans le cadre d'organismes multilatéraux et sur un plan bilatéral. Ces ententes comprennent la conclusion de quatre accords bilatéraux (coopération douanière, équivalence vétérinaire, reconnaissance mutuelle des pratiques d'évaluation de la conformité aux normes et loi sur la concurrence), la coopération statistique, les normes et les questions de réglementation, les contacts entre entreprises et les initiatives communes dans l'OMC dans des domaines tels que le commerce et l'investissement, la concurrence, les adhésions et les services.

La mise en œuvre du Plan d'action progresse régulièrement. De nouveaux accords bilatéraux ont été conclus (voir section suivante). Le 17 décembre 1998, le Canada et l'EU ont convenu de poursuivre l'Initiative commerciale Europe-Canada (ICEC). Dans le cadre de l'ICEC, les deux parties ont pris un bon départ pour le développement des contacts et du dialogue entre entreprises, en particulier dans le secteur des PME. Le Canada joue depuis longtemps un rôle actif dans la promotion du commerce transatlantique. Il est engagé dans des consultations étendues sur le programme de commerce multilatéral et explore les possibilités de développement de nouvelles initiatives bilatérales axées particulièrement sur les domaines des normes et de la coopération réglementaire. Statistique Canada et Eurostat continuent de travailler sur un projet qui contribuera à éliminer les divergences entre les données canadiennes et européennes sur le commerce.

### Résultats obtenus en 1998

- Signature et mise en œuvre de l'ARM Canada-UE sur l'évaluation de conformité pour les produits réglementés, en mai 1998, ce qui réduira les coûts et facilitera l'accès au marché européen pour les producteurs canadiens d'équipement pour terminal de télécommunications, de matériel informatique, de matériel électrique, d'appareils médicaux, de produits pharmaceutiques et de bateaux de plaisance.

## Aperçu

L'Union européenne ayant dépassé les États-Unis pour le PIB et la population, elle est aujourd'hui le plus vaste marché économique au monde.

En tant que groupe, les États membres de l'UE restent au deuxième rang des partenaires commerciaux du Canada, après les États-Unis. En 1998, le commerce bilatéral de produits et de services a dépassé 59 milliards. Nos exportations de produits vers l'UE atteignaient 17,84 milliards de dollars et nos importations, 25,42 milliards de dollars. Pour les services, la valeur des exportations et des importations du Canada en 1998 se chiffrait à 7,1 et 9,2 milliards de dollars, respectivement. L'UE est également au deuxième rang des sources d'investissement étranger direct au Canada et des destinations des investissements directs du Canada à l'étranger.

En 1997, les investissements cumulés de l'UE au Canada s'élevaient à 42,8 milliards de dollars, tandis que la somme des capitaux canadiens investis dans l'UE atteignait plus que 43,7 milliards de dollars.

Les principaux développements survenus dans l'UE qui ont des implications pour le Canada sont l'union économique et monétaire (UEM), les négociations sur l'élargissement et les nouveaux accords commerciaux régionaux et Agenda 2000.

L'UEM se trouve maintenant dans sa phase finale, l'introduction de la nouvelle monnaie, l'euro, ayant eu lieu le 1<sup>er</sup> janvier 1999 (mais les billets et les pièces en euro ne commenceront à circuler qu'en 2002). En collaboration avec le secteur privé, les ministères du gouvernement canadien font le nécessaire pour veiller à ce que les entreprises canadiennes soient prêtes à s'adapter aux changements futurs.

En ce qui concerne l'élargissement de l'UE, des négociations ont été engagées pour l'adhésion de la Pologne, de la Hongrie, de la République tchèque, de la Slovaquie, de l'Estonie et de Chypre. L'adhésion formelle de ces pays devrait prendre un certain temps. L'UE négocie également des accords régionaux de libre-échange avec le Mexique et avec l'Afrique du Sud, et a l'intention de faire la même chose avec les pays du Mercosur. Le Canada évaluera l'impact de ces nouvelles dispositions sur ses engagements commerciaux établis avec ces pays ainsi que sur la compétitivité des fournisseurs et des entreprises du Canada dans une

## 5. Ouverture sur l'Europe

## AUTRE DOSSIER

**Taxes sur les boissons alcoolisées**

L'Union européenne, les États-Unis, le Canada et le Pérou soutiennent que le Chili maintient un régime fiscal discriminatoire vis-à-vis des boissons alcoolisées importées. Le Canada participe donc à des procédures de règlement de différends de l'OMC pour résoudre ce problème. La décision du comité de l'OMC doit être rendue fin avril 1999.

dollars. Bien qu'il soit encore trop tôt pour évaluer les effets de l'ALECC sur le commerce et l'investissement bilatéraux, il est clair que les tendances à plus long terme ont été très encourageantes.

La signature par le Chili, le 21 janvier 1998, d'une convention en vue d'éviter les doubles impositions et de prévenir l'évasion fiscale, la première d'une nouvelle série de conventions fiscales que le Chili doit négocier, répond à l'un des principaux engagements pris dans le contexte de l'ALECC. Cette convention facilitera la croissance du commerce et des investissements entre le Canada et le Chili, en établissant un régime d'imposition plus stable pour les particuliers et les entreprises qui font affaire dans l'un ou l'autre pays. Les mesures nécessaires ont été prises par le Canada pour permettre l'entrée en vigueur de cette convention dès que le gouvernement chilien indiquera qu'il a terminé son processus interne d'approbation. Les dispositions de cette convention s'appliqueront à partir du 1<sup>er</sup> janvier de l'année suivant son entrée en vigueur, c'est-à-dire probablement le 1<sup>er</sup> janvier 2000.

Par ailleurs, un vaste programme de travail, comprenant huit comités et groupes de travail, a été mis en place pour faciliter l'entrée en vigueur des principaux éléments de l'ALECC. Par exemple, par l'entremise du Comité sur le commerce des produits et sur les règles d'origine, en avril 1998, le Chili a clarifié certaines exigences de documentation douanière qui s'appliquent lorsque les produits canadiens transitent par d'autres pays. En juin 1998, le Chili a retiré plusieurs produits de son programme de « Drawback simplifié des droits », qui est en réalité une subvention à l'exportation. Le Canada a répondu par l'élimination des droits à l'importation sur les produits correspondants en octobre 1998. Le Comité continuera de travailler sur toute proposition visant à accélérer les réductions tarifaires sur les produits intéressant les industries des deux pays. Il n'y a eu jusqu'à présent aucun différend formel à l'égard de l'ALECC, et il n'y en a aucun à l'horizon. Les progrès ont également été réalisés dans l'exécution des obligations des premières et de deuxième années de l'ALECC dans des domaines tels que la documentation publique sur les procédures relatives à l'entrée temporaire de produits et une entente sur les procédures pour échanger réciproque de données d'essai dans le secteur des télécommunications.

## Priorités du Canada en 1999

- Encourager le Chili à prendre les mesures internes nécessaires pour mettre en vigueur une convention en vue d'éviter les doubles impositions et de prévenir l'évasion fiscale.
  - Le Canada consulte actuellement les parties intéressées afin de définir nos intérêts en vue de négociations bilatérales sur les services financiers. L'ALECC prévoit que des négociations à ce sujet débutent en 1999.
- Lorsque le Canada négocierait l'ALECC en 1996, il était prévu que le gouvernement chilien pourrait ultérieurement procéder à des réductions unilatérales de ses tarifs NPF. Le Canada avait donc demandé et obtenu des marges minimums garanties de préférence pour certaines produits qui feraient l'objet d'une élimination progressive des droits de douane au titre de l'ALECC. En octobre 1998, le gouvernement chilien a confirmé ses intentions en annonçant qu'il allait réduire ses tarifs NPF uniformes, situés à 11 p. 100, d'un point de pourcentage par an à partir du 1<sup>er</sup> janvier 1999 jusqu'à ce qu'ils atteignent 6 p. 100 en janvier 2003. Ce plan étant plus progressif que ce qui avait été proposé auparavant, avec deux exceptions (les mélanges à pain et les préparations à base de céréales), il n'y aura pas d'empêchement sur les marges minimums garanties de préférence. Dans le cas des mélanges à pain et des préparations à base de céréales, le Canada s'efforcera de veiller à ce que le Chili honore ses obligations en rajustant à la baisse le taux spécial pour le Canada. Des modifications ont également été apportées récemment à la réglementation chilienne du contrôle des capitaux, ce qui pourrait faciliter les échanges commerciaux et les investissements pour les sociétés canadiennes.
- En septembre 1998, la Banque centrale du Chili a annoncé des modifications aux réglementations du Chili concernant le contrôle des capitaux, ce qui pourrait faciliter le commerce et les investissements pour les sociétés canadiennes. Le taux de l'encas, mécanisme exigeant que les investisseurs étrangers maintiennent 40 p. 100 de leur investissement en dépôt à la Banque centrale, a été réduit temporairement à 0 p. 100. Pour le moment au moins, les sociétés canadiennes trouveront leurs investissements au Chili moins coûteux.

Canada-Bresil sur la coopération agricole. Ce groupe de travail facilite l'échange d'information et les consultations bilatérales et il s'efforce de contribuer à l'expansion des relations agricoles entre les deux pays. Les ministres de l'Agriculture ont convenu en septembre 1998 que les deux pays devraient veiller à la pleine exécution du PE.

### Tarif brésilien sur le blé

En 1996, le Brésil signifiait aux membres de l'OMC son intention de commencer à appliquer des droits, actuellement de 13 p. 100, sur les importations de blé, qui rentraient jusque-là en franchise de droits. Le Canada étant un gros fournisseur de blé au Brésil, nous avons exercé notre droit de demande de compensation pour l'augmentation du tarif. Depuis, le Canada et le Brésil ont tenu une série de consultations, mais ils ne sont pas parvenus jusqu'à présent à s'entendre sur un règlement. On espère parvenir à une résolution, au moyen d'une initiative connexe en vertu du nouveau PE Canada-Bresil sur la coopération agricole.

## CHILI

**Aperçu**

Actuellement dans sa deuxième année, l'Accord de libre-échange Canada-Chili et ses deux accords parallèles sur la coopération dans les secteurs de l'environnement et de la main-d'œuvre sont entrés en vigueur le 5 juillet 1997. À cette date, les tarifs ont été éliminés sur la majorité des produits qui font l'objet d'échanges bilatéraux entre les deux pays. En ce qui concerne les autres produits, pour lesquels les tarifs seront abolis progressivement au cours des prochaines années, la troisième série de réductions a été effectuée le 1<sup>er</sup> janvier 1999. Les tarifs sur la plupart des autres produits industriels et des produits à base de ressources seront supprimés d'ici 2003.

L'entrée en vigueur de cet accord de libre-échange inaugure une nouvelle étape dans la coopération bilatérale avec le Chili, qui avait déjà fait des progrès considérables ces dernières années. La valeur globale des échanges bilatéraux de produits a plus que doublé depuis cinq ans, pour atteindre 6 722 millions de dollars en 1998. Les exportations du Canada se sont chiffrées à 3 133 millions de dollars et ses importations à 3 593 millions de dollars. Le Canada est devenu le deuxième investisseur étranger du Chili, les investissements actuels et projetés approchant 11 milliards de

### Reconnaissance mutuelle des systèmes d'inspection de la viande de volaille

Les exportateurs canadiens ont exprimé leur désir d'exporter au Brésil des aliments transformés contenant de la viande de volaille. Le Brésil ne permet pas actuellement l'importation de viande de volaille canadienne, en faisant valoir qu'il n'a pas encore examiné le système canadien d'inspection de la viande de volaille, ni approuvé des établissements canadiens exportant ces produits. Le Canada et le Brésil procèdent actuellement à un examen mutuel des systèmes d'inspection de viande de volaille. À la première réunion des spécialistes techniques qui se sont rencontrés en août 1998, le Brésil et le Canada se sont entendus sur la méthode d'examen. Le Canada continuera de demander la résolution de ce problème en 1999.

### Produits couverts par un protocole d'entente sur la coopération agricole

Volaille et produits contenant de la volaille  
Produits du boeuf  
Produits du porc  
Sucre  
Malt  
Grains  
Pommes de terre  
Animaux vivants, embryons et semence  
Plantes légumineuses  
Oléagineux et produits dérivés  
Fruits et légumes  
Poisson et fruits de mer

### Protocole d'entente sur la coopération agricole

Le PE entre le Canada et le Brésil sur la coopération agricole a été signé en janvier 1998. Il prévoit diverses activités de coopération dans 12 secteurs principaux de produits agroalimentaires qui devront faire l'objet d'un suivi et d'une promotion par le Groupe de travail

**Exigences de validation de certificats pour la viande**

Les exportateurs canadiens de viande restent préoccupés par le règlement brésilien exigeant que les certificats d'inspection des produits de la viande soient validés par l'ambassade ou par les consulats du Brésil avant d'être expédiés. Cela a pour effet de créer des retards et des coûts supplémentaires pour les exportateurs canadiens. Le Canada juge ce règlement contraire

à cause de la politique de taux d'intérêt élevés du gouvernement. Plus récemment, les nouvelles mesures exigent que les achats de devises nécessaires pour payer des importations dont le financement s'étend jusqu'à 179 jours s'effectuent au moment du dédouanement des produits par les douanes brésiéliennes, ce qui a pour effet d'abolir le crédit à 180 jours. Dans le cas des produits financés entre 180 et 360 jours, les devises doivent être achetées six mois avant l'échéance du prêt. Autrement dit, les importateurs doivent payer leurs achats comptant ou obtenir de l'exportateur des conditions de financement à plus de 360 jours. Ces mesures de financement ne s'appliquent pas aux expéditions dont la valeur est inférieure à 10 000 \$US, ni aux produits pétroliers. La Banque centrale du Brésil a exempté de ces mesures ses partenaires du Mercosur, de même que le Chili, la Bolivie et les signataires de l'Association latinoaméricaine d'intégration. Ces règles font l'objet d'un examen au sein de l'OMC et le Canada surveille la situation afin d'établir si elles sont conformes aux obligations du Brésil selon les règles de l'OMC.

## Evaluation en douane

À la fin janvier 1999, le gouvernement brésilien annonçait un changement du taux de change officiel utilisé pour l'évaluation en douane. Auparavant ajusté mensuellement, le taux de change l'est maintenant quotidiennement, ce qui a eu pour effet d'entraîner du jour au lendemain une dévaluation de 40 p. 100 de certains importateurs à annuler ou à tenter d'annuler des commandes de produits non encore expédiés. Des produits déjà en transit ou parvenues au Brésil, mais non dédouanées, peuvent ainsi être frappées de droits et de taxes augmentées de 40 p. 100 par rapport à ce que les importateurs attendaient au départ. Au moment d'aller sous presse, le ministère des Affaires étrangères et du Commerce international tachait d'évaluer son impact sur les exportations canadiennes.

En 1997, le Brésil institue des mesures provisoires exigeant de ses importateurs qu'ils financent leurs achats auprès des banques brésiéliennes plutôt que des établissements étrangers. L'argument est le suivant : le concurrentiel dont souffrent les producteurs locaux

## Restriction du crédit à l'importation

Le PROEX, programme brésilien de subventions à l'exportation, réduit les coûts de financement pour les exportations brésiéliennes, selon la partie « égalisation d'intérêts » du programme. Bien que le PROEX s'applique à une grande variété d'exportations de produits et services brésiéliens, le Canada est particulièrement préoccupé par son application au secteur de l'aéronautique et il a demandé qu'un groupe spécial de règlement de différends de l'OMC examine la question. En réponse, le Brésil a contesté divers programmes canadiens qui soutiennent le secteur aéronautique canadien ainsi que d'autres industries. L'OMC examine les deux contestations par l'entremise de deux groupes spéciaux distincts, qui devraient tous les deux présenter leurs décisions au milieu du mois de mars 1999.

## Protection accrue des investissements canadiens

Depuis longtemps, le Brésil reçoit plus d'investissements canadiens que l'ensemble des autres pays de l'Amérique du Sud, et des modifications constitutionnelles récentes ont élargi l'ouverture du pays aux investissements étrangers dans des secteurs clés intéressant le Canada, dont les télécommunications, l'exploitation minière et l'énergie. D'autre part, le Brésil a actuellement un programme étendu de privatisation.

## PROEX

Le PROEX, programme brésilien de subventions à l'exportation, réduit les coûts de financement pour les exportations brésiéliennes, selon la partie « égalisation d'intérêts » du programme. Bien que le PROEX s'applique à une grande variété d'exportations de produits et services brésiéliens, le Canada est particulièrement préoccupé par son application au secteur de l'aéronautique et il a demandé qu'un groupe spécial de règlement de différends de l'OMC examine la question. En réponse, le Brésil a contesté divers programmes canadiens qui soutiennent le secteur aéronautique canadien ainsi que d'autres industries. L'OMC examine les deux contestations par l'entremise de deux groupes spéciaux distincts, qui devraient tous les deux présenter leurs décisions au milieu du mois de mars 1999.

Des négociations sont en cours avec la zone du Pacte andin, qui comprend la Bolivie, la Colombie, l'Équateur, le Pérou et le Venezuela, et une entente commerciale préférentielle à portée restreinte est en cours de négociation avec le Mexique. Le Mercosur a également conclu un accord cadre avec l'Union européenne, première étape d'un cycle complet de négociations sur le libre-échange qui débiteront peut-être en 1999.

## Entente de Coopération en matière de commerce et d'investissement

Au cours de l'année, le Canada s'efforcera, avec la collaboration des membres du Mercosur, de mettre en œuvre l'Entente de coopération en matière de commerce et d'investissement (ECCI) signée en juin 1998. Cette entente établit la fondation de l'amélioration des échanges commerciaux et des investissements bilatéraux. Elle établit un cadre permettant au Canada et au Mercosur de collaborer dans le cadre des groupes de travail de la ZLEA, de l'OMC et du groupe Cairns. Une fois qu'elle sera entièrement mise en œuvre, elle créera un comité consultatif de représentants des milieux d'affaires et favorisera un dialogue avec le secteur privé pour faciliter les échanges commerciaux et les investissements dans les deux directions. L'ECCI prévoit des consultations régulières qui devraient se traduire par une évaluation commune des obstacles au commerce et à l'investissement. On envisage également une collaboration sur les questions douanières et sur les procédures d'évaluation de conformité de certains secteurs déterminés et l'élaboration d'ententes coopératives dans les domaines de la main-d'œuvre et de l'environnement.

Le Canada continuera d'encourager les pays membres du Mercosur à adhérer à l'ATI. Le Mercosur représente un marché d'exportation majeur pour les manufacturiers canadiens d'équipement dans les secteurs de la technologie de l'information et des communications.

## ARGENTINE

### Porc

En janvier 1999, le gouvernement brésilien a décidé de laisser flotter le taux de change du réal sur le marché mondial des devises. Il est possible que, pendant que le Brésil s'efforce de rajuster ses politiques fiscales et monétaires, le taux de change du réal connaisse une période de volatilité face aux dollars américain et canadien. À court terme, cette volatilité anticipée de la valeur du réal peut avoir un impact sur la compétitivité des exportations canadiennes sur le marché brésilien. Au bout d'un certain temps, le gouvernement brésilien en aura terminé avec ses politiques d'ajustement et la situation économique se stabilisera.

## BRESIL

En janvier 1998, le Canada et l'Argentine ont engagé des discussions techniques en vue d'apporter des améliorations au FIPA qu'ils ont signé afin de rendre encore plus stables et plus transparents des liens d'investissement déjà favorables. Les investissements directs du Canada, dont on estime qu'ils atteindront 2 milliards de dollars américains d'ici l'an 2000, restent le point fort des rapports commerciaux entre les deux pays. Le Canada est au troisième rang des investisseurs étrangers en Argentine et devrait rester au nombre des cinq premiers au moins jusqu'en l'an 2000. Ces investissements visent principalement les hydrocarbures, les mines et le secteur de l'énergie.

## Investissement

En janvier 1998, le Canada et l'Argentine ont engagé des discussions techniques en vue d'apporter des améliorations au FIPA qu'ils ont signé afin de rendre encore plus stables et plus transparents des liens d'investissement déjà favorables. Les investissements directs du Canada, dont on estime qu'ils atteindront 2 milliards de dollars américains d'ici l'an 2000, restent le point fort des rapports commerciaux entre les deux pays. Le Canada est au troisième rang des investisseurs étrangers en Argentine et devrait rester au nombre des cinq premiers au moins jusqu'en l'an 2000. Ces investissements visent principalement les hydrocarbures, les mines et le secteur de l'énergie.

Le ministère des Affaires étrangères et du Commerce international poursuit ses activités courantes et surveille notamment les conditions d'accès aux marchés pour

veiller à ce que le secrétariat administratif de Miami, où les négociations auront lieu les trois premières années, soit entièrement opérationnel. Le CNC a choisi un Canadien, M. Michael Eastman, comme directeur du secrétariat à partir de janvier 1999. Sa nomination devrait permettre d'assurer un soutien administratif efficace aux séries successives de négociations qui vont se dérouler.

## MERCOSUR

### Aperçu

Le Marché commun du cône Sud (Mercosur), l'union douanière qui comprend l'Argentine, le Brésil, le Paraguay et l'Uruguay, est le plus important marché d'exportation du Canada en Amérique latine. En 1998, ses exportations de produits vers ces quatre pays atteignaient un total de 1,56 milliards de dollars, tandis que les importations se chiffraient à 1,7 milliards de dollars. Les principaux produits d'exportation sont les produits de papier, la potasse, le blé, le matériel de télécommunications, les pièces d'aéronef, les produits du pétrole, la machinerie, le malt, les minéraux, les matières plastiques, le matériel roulant et les produits pharmaceutiques. Les investissements canadiens sont concentrés dans les secteurs de l'aluminium, des hydrocarbures, des mines, de l'hydroélectricité, des télécommunications et des spiritueux.

Le Mercosur a été officiellement créé en 1991 par le Traité d'Asunción. Lorsqu'il aura été intégralement mis en place, en 2006, il permettra la libre circulation des produits et services, du capital et de la main-d'œuvre. Il comprendra un tarif extérieur commun (TEC) et l'harmonisation des politiques macro-économiques et sectorielles. Des TEC partiellement harmonisés ont été mis en place en 1995 et déjà, 90 p. 100 de tous les échanges entre les membres se font en franchise de droits. Les exceptions aux TEC — qui comprennent notamment celles dont bénéficie le secteur automobile de l'Argentine et du Brésil ainsi que des centaines de tarifs individuels appliqués par chaque pays — doivent être éliminées en 2006. Des secteurs importants, tels que le sucre, restent exempts. En ce qui concerne les services, les ministres du Commerce des pays du Mercosur ont approuvé un cadre de travail à la mi-décembre 1997 et les négociations détaillées sont en cours.

Depuis sa création, le Mercosur a négocié et conclu des accords de libre-échange avec le Chili et la Bolivie.

important : un processus permettant de faire progresser le programme de facilitation des affaires, en préparation de la réunion ministérielle qui se tiendra en novembre. Ils ont également convenu de concentrer le travail initial sur les procédures douanières. Assurant la présidence, le Canada anime un échange de documentation et convoquera de nouveau le CNC à Miami au printemps de 1999 pour étudier la question de la facilitation des affaires. Étant donné l'absence du pouvoir de négociation accélérée pour les États-Unis, les progrès sur la facilitation des affaires seront essentiels à l'obtention de résultats concrets d'ici l'an 2000, comme l'ont demandé les leaders de l'hémisphère et les ministres du Commerce. Cela sera donc une question clé à la réunion ministérielle.

Il reste un défi important à relever : l'élaboration d'un processus collectif de consultation avec la société civile dans les Amériques, en l'absence d'un consensus sur la méthode à employer ou sur l'ampleur de telles consultations. Le Comité des représentants gouvernementaux sur la participation de la société civile est une initiative canadienne, et un haut fonctionnaire canadien joue le rôle de président suppléant du Comité. À la suite d'une réunion du Comité en octobre 1998, une invitation ouverte a été transmise à la société civile, à laquelle il est demandé de présenter d'ici le 31 mars 1999 des mémoires sur les questions en rapport avec le commerce, conformément à la déclaration ministérielle de San José. Le Comité se réunira de nouveau en mai pour examiner les mémoires reçus.

Le Canada continuera de favoriser l'attribution d'un rôle plus important et plus interactif au Comité, ce qui devrait comprendre l'écoute directe de représentants de la société civile et l'engagement d'un dialogue utile avec eux. Bien qu'il n'y ait encore aucun consensus sur l'élargissement du mandat, les négociateurs en chef ont convenu de continuer de discuter la question. Au Canada, le gouvernement a lancé des consultations étendues avec le secteur privé canadien, y compris la société civile, pour définir et préciser ses objectifs dans les négociations sur la ZLEA et relativement au programme plus général de politique commerciale. A court terme, le défi pour le Canada est de veiller à la mise en œuvre du programme de travaux des neuf groupes de négociation et des trois organes consultatifs. Notre but est d'établir une fondation solide pour la ZLEA, afin que nous puissions obtenir des résultats concrets d'ici l'an 2000 et terminer nos travaux d'ici 2005. Assurant la présidence, le Canada doit également

étendu; cet accord devra être conforme aux règles et disciplines de l'OMC; et les pays doivent accepter l'accord globalement. L'acceptation globale de cet accord signifie que les pays ne peuvent pas « choisir à la carte » parmi les divers chapitres ou dispositions de cet accord, mais doivent l'accepter selon le principe du « tout ou rien ».

Également à la réunion de San José, les ministres du Commerce, reconnaissant le rôle de leader que le gouvernement canadien a joué dans le lancement des négociations sur la ZLEA, ont choisi le Canada pour présider les négociations jusqu'en octobre 1999. À ce titre, le Canada préside le CNC des négociateurs en chef. Le Canada recevra également la prochaine réunion des ministres du Commerce, prévue pour novembre 1999 à Toronto.

La première réunion du CNC a eu lieu à Buenos Aires en juin 1998. Elle a établi les programmes de travail des neuf groupes de négociation et des trois organes spéciaux, en se concentrant sur les questions horizontales.

### Les neuf groupes de négociation de la ZLEA

- Accès aux marchés
- Agriculture
- Investissement
- Services
- Marchés publics
- Droits de propriété intellectuelle
- Subventions, droits antidumping et compensatoires
- Politique de concurrence
- Règlement de différends

### Les trois organes spéciaux

- Comité des représentants gouvernementaux sur la participation de la société civile
- Groupe consultatif sur les petites économies
- Comité mixte d'experts du secteur gouvernemental et du secteur privé sur le commerce électronique

Les 12 groupes ont tous tenu leurs premières réunions en septembre ou octobre 1998 à Miami. Les résultats de ces rencontres initiales ont ensuite été examinés par le CNC à l'occasion de sa réunion de décembre 1998 au Suriname. Le CNC a également progressé sur un certain nombre d'autres questions au Suriname. Les membres du CNC se sont entendus sur un point

conjointe décrivant les objectifs clés et les principes d'une ZLEA.

- Neuf groupes de négociation et trois organes consultatifs sont créés.
- Le Canada est choisi pour présider les négociations de la ZLEA au cours des 18 premiers mois. À ce titre, le Canada préside le Comité des négociations commerciales (CNC) des négociateurs en chef.
- En avril 1998, les négociations sur la ZLEA sont lancées officiellement par les dirigeants.
- En juin 1998, le CNC établit des programmes de travail pour les neuf groupes de négociation et les trois organes consultatifs.
- En septembre et octobre 1998, les neuf groupes de négociation et les trois organes consultatifs se réunissent pour organiser leur travail.
- En décembre 1998, le CNC examine les travaux des groupes de négociation et des groupes consultatifs et fait progresser la facilitation du commerce.
- Un Canadien est choisi pour exercer la fonction de directeur du Secrétariat administratif de la ZLEA à Miami.

En 1999, le Canada va :

- engager vigoureusement des négociations détaillées dans tous les domaines;
- faire progresser le programme de facilitation des affaires en concentrant les travaux initiaux sur la rationalisation des procédures douanières;
- élaborer un processus collectif de consultation de la société civile dans les Amériques;
- mettre des fondations institutionnelles en place, ce qui comprend le fonctionnement du Secrétariat administratif de la ZLEA à Miami;
- faire progresser la ZLEA lors de la réunion des ministres du Commerce, que le Canada accueillera à Toronto en novembre 1999.

Les négociations sur la ZLEA ont été officiellement lancées par le premier ministre Jean Chrétien et d'autres dirigeants de l'hémisphère en avril 1998, en fonction des objectifs, des principes, des structures, des cadres et d'autres décisions établies dans la déclaration conjointe diffusée par les ministres du Commerce à San José, au Costa Rica, en mars 1998. Selon les objectifs clés et les principes des négociations qui ont été définies, la ZLEA devra favoriser une ouverture maximale des marchés par un accord équilibré et

## INVESTISSEMENT

L'investissement canadien direct au Mexique est passé de 245 millions de dollars en 1990 à 1 milliard de dollars en 1997. Cela peut être attribué dans une large mesure à l'ALENA, dont les clauses du chapitre 11 relatives aux investissements ont permis d'améliorer la sécurité offerte aux investisseurs canadiens. En dehors des limites ou exclusions concernant certains secteurs clairement définis (les investissements dans le secteur amont du pétrole et du gaz étant particulièrement importants pour le Canada), le Mexique n'oppose aucune restriction aux investissements étrangers dans son économie. En outre, l'ambitieux programme de privatisation et d'amélioration de l'infrastructure mis en place par le gouvernement mexicain offre de nouveaux débouchés aux entreprises canadiennes dans des secteurs comme la production d'électricité et les transports (aéroports, chemins de fer, ports), ainsi que le transport et la distribution du gaz naturel (gazoducs).

En septembre 1998, le Mexique publiait une mise à jour des réglementations concernant l'investissement étranger dans le but de simplifier les procédures administratives et d'offrir une plus grande sécurité juridique, avec plus de certitude et de transparence.

## ZONE DE LIBRE-ÉCHANGE DES AMÉRIQUES

Les négociations sur la ZLEA représentent une occasion historique de réunir les pays de notre hémisphère dans une zone étendue de libre-échange qui soutiendra la prospérité régionale et améliorera les possibilités d'échanges commerciaux pour toutes nos économies. La décision de créer la ZLEA a été prise par les dirigeants des 34 pays démocratiques de l'hémisphère lorsqu'ils se sont rencontrés à Miami pour le premier Sommet des Amériques, en décembre 1994. Dans leur déclaration de principes, les dirigeants ont résolu de conclure les négociations sur la ZLEA au plus tard en 2005 et de prendre des mesures concrètes dans ce but d'ici la fin du siècle.

En 1998, les résultats et échanges suivants ont été obtenus relativement à la ZLEA :

- En mars 1998, les ministres du Commerce des 34 pays participants diffusent une déclaration

plus moderne sur le transport aérien. Les négociations ont permis la conclusion d'un protocole d'entente assurant des bénéfices commerciaux immédiats aux deux parties, qui peuvent ainsi mieux exploiter ce marché de transport aérien bien établi. De nouvelles possibilités et une souplesse opérationnelle accrue sont maintenant à la disposition des transporteurs offrant des vols réguliers ou notifiés.

## MARCHÉS PUBLICS

La mise en œuvre de l'ALENA a suscité des améliorations en ce qui concerne la transparence et l'ouverture des marchés publics au Mexique. Le gouvernement canadien souligne toutefois que plusieurs aspects de cet accord n'ont pas encore été mis en application intégralement et que certains sujets de préoccupation demeurent en ce qui concerne l'accès à ce marché.

## Liste des services Mexicains exclus

Aux termes du chapitre 10 de l'ALENA, le Mexique devait publier au plus tard en juillet 1995 la liste des services exclus du chapitre consacré aux marchés publics. Bien que des progrès aient été réalisés cette année, cette liste n'a pas encore été fixée, de sorte que les intérêts canadiens sur le marché mexicain souffrent de ce manque de transparence. Le gouvernement canadien continuera d'inciter le gouvernement mexicain à compléter sa liste.

## Réserves en faveur de PEMEX et de CFE

Le Mexique a négocié des réserves dans le but de protéger les sociétés publiques de pétrole (PEMEX) et d'électricité (CFE) contre les règles des marchés publics de l'ALENA pendant une période transitoire (de 1994 à 2002). Le Canada continuera de surveiller l'application de cette réserve par le Mexique.

## Périodes de publication des appels d'offres

Le chapitre 10 oblige les parties à l'ALENA à publier les appels d'offres pour les contrats publics de manière transparente, afin de donner aux fournisseurs qualifiés des pays membres un délai assez long pour présenter leurs soumissions. Une étude effectuée pour le compte du gouvernement canadien en 1997, augmentée par des travaux supplémentaires cette année, a cependant soulevé certaines questions quant au respect des obligations de notification par le Mexique. Le Canada continue de faire pression sur le Mexique pour obtenir une réponse à nos préoccupations.

débouchés qu'offre le secteur mexicain des services de télécommunications.

En janvier 1998, lors de la mission d'Équipe Canada au Mexique, les deux pays ont renouvelé leur coopération dans ce domaine par la signature d'un protocole d'entente (PE) entre Industrie Canada et le ministère mexicain des Télécommunications et des Transports. Les deux pays ont favorisé une croissance rapide dans cette industrie en partageant des technologies innovatrices et en collaborant à l'élaboration de politiques et réglementations appropriées, et ils souhaitent poursuivre leur coopération dans ce secteur dynamique et de plus en plus important.

### Services financiers

Le Mexique a libéralisé de manière tangible son secteur des services financiers dans le contexte de l'ALENA, ce qui a incité les sociétés canadiennes à accroître leur présence sur le marché mexicain. Conformément à cet accord, le Mexique élimine progressivement ses limitations de part de marché, dont la plupart seront supprimées d'ici l'an 2000. Le Canada suit les développements législatifs en rapport avec un ensemble de réformes financières qui pourraient avoir un impact important sur l'accès aux marchés financiers mexicains pour les investisseurs étrangers. Le Canada cherche à obtenir des modifications supplémentaires dans deux domaines concernant 1) l'accès au secteur des valeurs mobilières du Mexique et 2) l'offre de services trans-

Dans le secteur des valeurs mobilières, le Mexique n'a actuellement aucun plan visant à permettre une activité limitée aux firmes de valeurs mobilières, mais cela pourrait être envisagé à moyen terme. Le Canada continuera d'encourager les Mexicains à créer de nouvelles catégories de maisons de courtage. Dans le contexte d'un nouveau régime de retraite mexicain, le Canada continuera aussi d'encourager le Mexique à ouvrir son marché des fonds de pension aux sociétés étrangères du secteur des valeurs mobilières. Sur le plan des assurances, le Canada s'efforcera de faciliter l'offre de transactions d'assurance sans discontinuité aux transporteurs routiers participant au commerce transfrontalier entre le Canada, les États-Unis et le Mexique.

### Services aériens

Les négociations sur les transports aériens entre le Canada et le Mexique se sont déroulées d'octobre 1998 à février 1999. L'objectif était de parvenir à un accord

pas libéralisé leurs règlements de camionnage, suite à diverses préoccupations, notamment en ce qui a trait aux normes de sécurité qui prévalent dans l'industrie mexicaine du camionnage. Même s'il s'agit avant tout d'un différend mexicaino-américain, cela a eu pour effet indirect d'interdire à au moins une entreprise canadienne de camionnage de mener des affaires au Mexique. Le gouvernement canadien exerce des pressions sur le Mexique pour qu'il respecte ses obligations découlant de l'ALENA à l'égard du Canada, dans le domaine du camionnage et s'est joint au groupe spécial du Chapitre 20 de l'ALENA en tant que tiers intéressé.

D'une manière plus générale, des progrès substantiels ont été enregistrés au niveau du chapitre 9 de l'ALENA qui traite de l'harmonisation des normes techniques pour les transporteurs routiers. Les fonctionnaires de l'Office national des transports du Canada vont poursuivre leur collaboration avec leurs homologues américains et mexicains, en prévision de l'ouverture éventuelle de la frontière américano-mexicaine aux services de camionnage.

### Télécommunications

Un certain nombre d'entreprises canadiennes de télécommunications sont présentes au Mexique. À la suite de la conclusion de l'Accord de l'OMC sur les services de télécommunications de base, l'accès au marché mexicain des services s'est élargi, de sorte que les débouchés qui s'offrent aux entreprises canadiennes se sont accrus. Le Canada surveillera étroitement le respect des engagements pris par le Mexique dans le cadre de l'Accord de l'OMC. De plus, le Canada continuera d'encourager le Mexique à appliquer des normes pour le raccordement des terminaux qui soient conformes aux exigences de l'ALENA et à mettre en œuvre des procédures d'évaluation de la conformité qui permettront d'accepter les résultats des essais menés au Canada, comme l'exigent les articles 908 et 1304 de l'ALENA. On doit se féliciter des engagements pris par le Mexique relativement à ces deux questions dans le cadre des travaux du Sous-comité des normes de télécommunications de l'ALENA. Il subsiste néanmoins des problèmes en ce qui concerne l'octroi de permis aux différentes catégories d'exploitants en raison de l'insuffisance des directives réglementaires et des exigences relatives à l'exploitation des permis. En 1999, le Canada continuera d'encourager le Mexique à mettre au point les directives et exigences nécessaires afin de permettre aux entreprises canadiennes de tirer parti des

Les recours commerciaux continuent d'être une priorité canadienne en ce qui concerne les États-Unis et le Mexique. Le Canada continuera d'en rechercher l'élimination dans le contexte de la Commission du commerce de l'ALENA.

### **Élimination accélérée des droits de douane dans le cadre de l'ALENA**

La plupart des droits tarifaires actuels dans les échanges canado-mexicains ont déjà été éliminés et la plupart des droits tarifaires restants auront disparu d'ici 2003. L'ALENA prévoit l'abolition accélérée des droits lorsque les parties en cause en sont convenues. Comme il s'agit d'un processus qui répond aux pressions de l'industrie, les droits sont éliminés en fonction des appuis reçus au sein du secteur concerné, dans les deux pays. La première série d'éliminations, qui a eu lieu le 1<sup>er</sup> juillet 1997, visait les tarifs s'appliquant à divers produits tels que les monofilaments en spandex, le tahini et les stores vénitiens en bois. Lors de la deuxième série, exécutée le 1<sup>er</sup> août 1998, le Canada et le Mexique ont éliminé les tarifs sur certains fils, produits textiles, produits chimiques, matériaux d'embûche, montres et autres produits déterminés, représentant environ 25 millions de dollars d'échanges commerciaux bilatéraux entre le Canada et le Mexique. Le Canada continuera d'examiner les demandes d'élimination accélérée de tarifs, en réponse aux intérêts du secteur privé, pour améliorer l'accès au marché mexicain pour les Canadiens.

### **PRODUITS AGRICOLES**

#### **Pommes de terre de semence**

En octobre 1998, l'ACIA et les représentants du Mexique ont conclu un nouvel accord qui permet la reprise des exportations de pommes de terre de semence canadiennes à destination du Mexique et donne l'occasion au Mexique de vendre des minutages au Canada (et accord comporte également des clauses pour le développement de l'accès au Canada pour les pommes de terre mexicaines de consommation). En 1999, le Canada continuera d'exiger du Mexique le bon fonctionnement et l'amélioration de cet accord.

#### **Autorisation phytosanitaire**

Lors de la réunion de novembre 1997 du Comité de l'ALENA sur le commerce des produits agricoles, le

### **Pommes**

Canada a fait connaître ses préoccupations au sujet des permis mexicains d'« autorisation phytosanitaire », qui étaient exigés pour la plupart des importations de grains; l'émission de ces certificats était souvent retardée de quatre à six semaines. Le Mexique avait répondu que ces permis étaient nécessaires pour les grains parce que les réglementations phytosanitaires n'avaient pas encore été publiées. Le Canada avait demandé que le Mexique remplace le régime de permis en publiant des règlements phytosanitaires relatifs à l'importation de tous les grains. En octobre 1998, le Mexique a publié ses nouvelles réglementations concernant les importations, qui éliminent les permis d'autorisation phytosanitaire pour les grains et semences non destinés à la plantation et qui sont des produits traditionnels d'exportation pour le Canada. Au besoin, le Canada demandera au Mexique d'ajouter aux réglementations les grains et semences nouvellement exportés qui ne sont pas actuellement inclus. En général, les nouvelles réglementations améliorent les modalités de l'accès pour les grains canadiens. En 1999, le Canada soulèvera les quelques questions techniques restantes dans le cadre de l'Organisation nord-américaine pour la protection des plantes.

### **FACILITER L'ACCÈS AU MARCHÉ DES SERVICES**

#### **Camionnage**

Dans le cadre de l'ALENA, les engagements du Mexique en matière de services de camionnage et d'investissement devaient entrer en vigueur en décembre 1995. Le Mexique a néanmoins retardé cette application en raison du fait que les États-Unis n'ont

En 1997, l'industrie canadienne de la sidérurgie a fait appel aux dispositions du chapitre 19 de l'ALENA concernant la résolution de différends pour contester deux décisions finales du SECOFI (Secrétariat du commerce et du développement industriel du Mexique) portant sur des sanctions antidumping contre les importations d'acier canadien. Au mois d'août de la même année, à la suite de la décision du groupe spécial de l'ALENA, les droits antidumping ont été supprimés sur les tôles laminées à chaud en provenance du Canada.

En ce qui concerne la deuxième cause, à la suite de deux renvois par le groupe spécial établi pour examiner la détermination des droits antidumping du SECOFI sur les plaques d'acier, les droits antidumping ont été modifiés. Les plaignants canadiens se sont finalement retirés de la procédure et les modifications du SECOFI sont restées sans contestation.

## Recours commerciaux

### FACILITER L'ACCÈS AUX MARCHÉS DES PRODUITS

● inciter le Mexique à finaliser sa liste des services exclus du chapitre des marchés publics de l'ALENA;

● continuer d'élaborer et de mettre en œuvre un mécanisme sectoriel de règlement des différends pour les litiges commerciaux privés concernant des produits agricoles, en particulier les produits périssables.

L'accès du Canada au marché mexicain continue de s'améliorer et de se consolider grâce à l'ALENA. Avant que ce dernier entre en vigueur, plus de 80 p. 100 des exportations mexicaines à destination du Canada étaient en franchise de droits, alors que la plupart des ventes canadiennes au Mexique étaient assujetties à des taux NPF qui se situaient entre 10 et 20 p. 100. D'autre part, les entreprises canadiennes ont été en mesure de développer leurs ventes dans des secteurs qui étaient auparavant presque inaccessibles, dont ceux de l'auto-mobilité, des services financiers et de l'énergie.

L'élimination des exigences liées à l'octroi de permis d'importation et la suppression de presque tous les tarifs contribuent à assurer l'accès sans obstacle à un marché de plus de 90 millions d'habitants. Le Canada continuera d'aborder les problèmes des échanges bilatéraux dans les divers groupes de travail et comités de l'ALENA pour faciliter l'accès pour les exportateurs, fournisseurs de services et investisseurs canadiens.

● échanges commerciaux à l'intérieur de l'ALENA, dont 25 millions de dollars d'échanges bilatéraux entre le Canada et le Mexique.

● Conclusion d'un nouvel accord permettant la reprise des exportations de pommes de terre de semence canadiennes vers le Mexique.

● Élimination des exigences de permis phytosanitaires du Mexique qui avaient causé des retards dans les importations de grains canadiens.

● De nouvelles possibilités de service aérien entre les deux pays ont été créées suite à un accord sur le partage des codes de vol.

### Priorités du Canada en 1999

● veiller à ce que le Mexique honore ses obligations relatives au camionnage dans le cadre de l'ALENA et à ce qu'il traite une demande canadienne d'exploitation d'un service de camionnage transfrontalier à destination du Mexique;

● progresser dans l'harmonisation et la simplification des procédures douanières et faciliter les mouvements transfrontaliers de produits;

● contribuer à l'harmonisation des règles sanitaires et phytosanitaires;

● poursuivre les discussions visant à assurer le bon fonctionnement et l'amélioration de l'Accord sur les pommes de terre de semence;

● surveiller avec attention l'exécution par le Mexique de ses engagements envers l'OMC, en vertu de l'Accord sur les services de télécommunications de base;

● encourager le Mexique à mettre en place, pour le matériel de télécommunications et les évaluations de conformité aux normes, des normes qui soient conformes aux exigences de l'ALENA, et à clarifier les dispositions régissant l'octroi des permis de services de télécommunications;

● progresser dans la modernisation de l'accord bilatéral actuel sur les transports aériens (conclu en 1961) conçu pour libéraliser les ententes portant sur les vols réguliers et le régime réglementaire régissant les vols nolisés;

● poursuivre les initiatives en cours visant le rapprochement des données sur le commerce;

● résoudre les problèmes d'accès au marché pour les pommes fraîches;

## Aperçu

Les échanges commerciaux entre le Canada et le Mexique ont augmenté régulièrement depuis l'adoption au Mexique d'une série de réformes économiques importantes au milieu des années 1980. Des entraves à l'importation qui étaient en place depuis plusieurs décennies ont été éliminées et les politiques de privatisation ont contribué à une restructuration importante de l'économie. Ces progrès ont suscité une demande sans précédent à l'égard de divers produits, services et technologies et ont créé de nouvelles possibilités d'investissement. En 1998, la valeur totale des échanges de produits entre les deux pays se chiffrait à 8,9 milliards de dollars, soit une augmentation de 97 p. 100 par rapport à 1993, dernière année avant l'entrée en vigueur de l'ALENA. En 1998, le Mexique enregistrait un excédent de 6,3 milliards de dollars au titre des échanges de produits avec le Canada. Il semble toutefois très probable que les données relatives aux exportations du Canada à destination du Mexique soient sous-estimées dans une proportion qui pourrait atteindre 100 p. 100, étant donné que de nombreux produits canadiens transitent par les États-Unis et ne sont peut-être pas comptés au nombre des ventes canadiennes au Mexique. Les agences statistiques des trois pays de l'ALENA s'efforcent actuellement à reconcilier leurs données sur les échanges commerciaux.

Les exportations canadiennes se sont de plus en plus diversifiées, et les produits manufacturés à valeur ajoutée représentaient bien au-delà de 50 p. 100 du total des exportations canadiennes vers le Mexique en 1998. Celui-ci est actuellement le 14<sup>e</sup> marché d'exportation du Canada et sa troisième source d'importations. L'investissement en direct cumulé du Canada au Mexique atteignait 1 milliard de dollars en 1997, ce qui place le Canada au 5<sup>e</sup> rang des investisseurs au Mexique.

Le gouvernement du Mexique est résolu à maintenir sa discipline budgétaire. Les prix du pétrole ayant de nouveau atteint des niveaux planchers, les revenus pétroliers sont inférieurs aux prévisions. Pour les remplacer, le gouvernement a introduit dans le dernier budget du Mexique, celui de décembre 1998, un ensemble de nouvelles mesures d'augmentation des revenus et de réduction des dépenses, dont une augmentation temporaire des tarifs douaniers appliqués

aux produits provenant de pays qui n'ont pas d'accord de libre-échange avec le Mexique. Les nouvelles mesures tarifaires devraient rapporter 500 millions de dollars américains. En annonçant les augmentations, qui portent sur environ 15 p. 100 du commerce total du Mexique, le gouvernement a fait remarquer qu'il respecterait toutes ses obligations internationales. Les tarifs applicables aux produits intermédiaires et aux produits d'investissement seront augmentés de 3 p. 100, alors que ceux qui s'appliquent aux produits de consommation finale non essentiels seront augmentés de 10 p. 100. Il est important de souligner que, le Mexique et le Canada étant partenaires dans l'ALENA, ces augmentations tarifaires ne s'appliquent pas aux produits canadiens exportés dans le cadre de l'ALENA.

Avec un chiffre record de 91 transactions commerciales représentant une valeur de 230 millions de dollars, la mission commerciale d'Equipe Canada qui s'est rendue au Mexique en janvier 1998 a remporté un franc succès, qui montre une fois de plus le potentiel commercial que le Mexique représente pour le Canada, en particulier si l'on songe au nombre sans précédent de PME représentées au sein de la délégation. L'ouverture officielle, à l'occasion de cette visite, d'un Centre d'éducation canadien au Mexique contribuera à développer les possibilités substantielles qu'offre le marché mexicain aux fournisseurs canadiens de services d'éducation et de formation.

## Résultats obtenus en 1998

● Mise en œuvre, le 1<sup>er</sup> août 1998, d'une deuxième série d'éliminations accélérées de droits tarifaires couvrant environ 1 milliard de dollars américains

Le MAECI a mis à jour et publié le *Plan d'action du Canada pour le Mexique*. Le document identifie dix secteurs principaux qui offrent d'excellents débouchés dans des domaines où la demande devrait s'accroître à moyen terme, soit les techniques de fabrication de pointe et la machinerie industrielle; les produits et services de technologie de l'information et de technologie de pointe; l'agriculture et le secteur agroalimentaire; l'équipement d'entretien automobile et les pièces de rechange pour automobiles; les équipements et services des secteurs du pétrole et du gaz et de la protection de l'environnement; les équipements et services d'exploitation minière; les produits et services éducatifs et culturels; les équipements et services d'énergie électrique; les équipements et services de transport.

inférieurs à 100 000 \$ et pour les achats commerciaux dont la valeur ne dépasse pas 5 millions de dollars américains.

## NORMES ET MESURES

La tendance du gouvernement américain à imposer des normes obligatoires pour atteindre les objectifs réglementaires inquiète le Canada. On peut citer en exemple le *Fastener Quality Act*, la reconnaissance des laboratoires canadiens par les autorités américaines pour les tests obligatoires d'abus de drogues pour les transporteurs routiers, une proposition exigeant que le nom du pays d'origine soit indiqué dans l'espace d'affichage principal des légumes surgelés, une proposition récente du Département de l'énergie en vue de fixer les normes de fiabilité électrique pour l'ensemble de l'Amérique du Nord et une proposition de normes OSHA (Occupational Safety and Health Administration) concernant l'ergonomie au travail.

Le Canada poursuit un dialogue constructif avec les États-Unis, surtout dans le cadre des travaux du Comité des mesures normatives de l'ALENA, afin de les encourager à atténuer l'ampleur des restrictions réglementaires qui frappent l'industrie et de laisser à celle-ci le soin de s'auto-réglementer dans le contexte de l'intégration croissante du marché nord-américain.

Les quatre sous-comités sectoriels de l'ALENA (industrie automobile, transports terrestres, télécommunications et étiquetage des produits textiles) offrent également d'excellentes occasions de promouvoir la coopération bilatérale dans le domaine des normes et des règlements. Les sous-comités des transports terrestres et de l'étiquetage des produits textiles ont tous les deux harmonisé avec succès les normes afin de faciliter le commerce, notamment à l'égard de la conformité des camions aux normes qui s'appliquent aux véhicules automobiles et de l'étiquetage pour l'entretien des produits textiles. Dans les secteurs des télécommunications et de l'automobile, où les normes canadiennes et américaines se complètent généralement, les sous-comités s'efforcent d'accroître la coopération bilatérale et la coordination des activités dans les rencontres et organismes internationaux. Les organismes canadiens et américains collaborent étroitement dans le but de conclure des ARM sur les essais et la certification de produits et sur les systèmes de gestion environnementale ainsi que sur l'harmonisation et l'élaboration conjointe de règlements, lorsque

de tels accords peuvent être utiles aux exportateurs. Le Conseil canadien des normes (CCN) est parvenu à conclure une entente d'accréditation de laboratoire pour les essais d'attaches avec le National Institute of Standards and Technology, entente qui permettra d'améliorer l'accès pour les sociétés canadiennes lorsque le *Fastener Quality Act* entrera en vigueur. L'OSHA et le CCN ont convenu de collaborer pour l'accréditation d'organismes qui certifient des produits utilisés dans les lieux de travail par le partage d'information, par la participation mutuelle aux évaluations de l'autre partie et par l'harmonisation des politiques et procédures. Lors d'un processus antérieur d'accréditation, des laboratoires canadiens ont été accrédités pour la conduite de tests concernant les conducteurs de véhicules utilitaires, dans le cadre du programme sur la toxicomanie de la FHWA. Un processus d'accréditation direct de laboratoires canadiens est maintenant en cours de discussion entre la FHWA et Transports Canada (TC). La FHWA et TC mettent également la dernière main à un accord qui aura pour effet d'établir la réciprocité des exigences d'aptitude physique et mentale pour les conducteurs de véhicules utilitaires.

Pour ce qui est des autres paliers de gouvernement, les exportateurs canadiens doivent souvent faire face à des obstacles traditionnels qui remontent à une époque antérieure à l'expansion du commerce entre les deux pays. Le Canada cherche à obtenir des États-Unis qu'ils appliquent de façon plus complète les engagements pris dans le contexte de l'ALENA et de l'OMC en ce qui concerne les normes et mesures adoptées par les États et les municipalités afin de les améliorer ou de les moderniser et d'accroître ainsi le volume et la diversité de nos échanges de produits manufacturés. Le Canada s'efforce par ailleurs d'améliorer le dialogue bilatéral au niveau des provinces et des États afin d'accroître la coopération dans la mise au point des normes et des règlements dans les domaines des appareils sous pression et des produits de construction et dans l'harmonisation des normes réglementées de sécurité électrique.

Enfin, le Canada continuera d'encourager l'industrie canadienne à collaborer avec l'industrie américaine en vue d'élaborer et d'utiliser des normes volontaires communes qui se substitueront aux règlements édictés par les gouvernements. Ces initiatives concernant les normes s'accompagneront d'autres mesures visant à fournir des services convenables d'évaluation de conformité.

sous-traitance gêne l'accès des Canadiens au marché américain et il continuera de faire pression sur le gouvernement à ce sujet.

### Les programmes « Buy American »

Les programmes favorisant l'achat de produits et de services américains sont largement utilisés dans les secteurs des marchés publics qui ne sont pas compris dans l'ALENA ou les accords de l'OMC. Comme ces accords commerciaux n'exigent un traitement égal des offres canadiennes que pour les achats directs du gouvernement fédéral américain, aucune restriction n'existe quant aux conditions que les États-Unis peuvent placer sur le financement fourni aux États et aux municipalités.

### Marchés du Département de la Défense

En vertu des accords entre le Canada et les États-Unis pour le partage de la production et du développement de produits de défense, l'industrie canadienne a accès à cet immense marché d'équipement et de R-D. Cette relation exige une vigilance continue pour éviter toute érosion, intentionnelle ou par inadvertance.

### Projets de transport financés par le gouvernement fédéral (TEA-21)

Le Canada s'efforce toujours d'élargir l'accès présente-ment limité dont bénéficiaient les firmes canadiennes sur l'important marché américain des infrastructures de transport en commun, d'autoroute et d'aéroport qui reçoivent un financement du gouvernement fédéral. Presque tous les grands projets de transport des États-Unis sont financés par le gouvernement fédéral, mais administrés par les États et les municipalités ou par des organismes du secteur privé. Le *Transportation Equity Act for the 21<sup>e</sup> Century* (connu sous le nom de TEA-21) prévoit le financement de ces projets jusqu'à l'année financière 2003. Cette loi a remis en vigueur les dispositions favorisant l'achat de produits et de services américains du *Intermodal Surface Transportation Efficiency Act*. L'Agence fédérale des transports en commun, le *Federal Transit Administration* (ou FTA) et l'Agence fédérale des autoroutes (Federal Highway Administration ou FHWA) accordent des fonds en vertu de la TEA-21 aux États et aux municipalités, de même qu'aux autorités du secteur des transports, pour des projets de transport divers, à condition que ces projets utilisent du matériel et de l'équipement américains. Selon les projets financés par

### Préférences des États et des municipalités

La FTA, tous les produits en acier et manufactures doivent avoir un « contenu » américain à 100 p. 100 et être entièrement fabriqués aux États-Unis. Les pièces de matériel roulant (trains, autobus, transbordeurs, trolleybus, etc.) doivent avoir un contenu américain à 60 p. 100 et le montage final doit avoir lieu aux États-Unis. Dans le cas des projets financés par la FHWA, tous les produits de fer et d'acier, ainsi que leurs revêtements, doivent être de fabrication entièrement américaine. Des conditions similaires s'appliquent aux projets d'aéroports recevant un financement de la Federal Aviation Administration, comme l'autorise le *Transport and Airways Facilities Improvement Act*. Ces projets exigent que tous les produits d'acier et manufactures aient un contenu américain à 60 p. 100 et que le montage final ait lieu aux États-Unis. Le Canada continuera de demander une amélioration de l'accès aux marchés publics dans ces domaines.

Une grande variété de préférences sont accordées dans les marchés publics au niveau des États et des municipalités. De plus, de nombreuses clauses « Buy American » du gouvernement fédéral des États-Unis sont incluses dans les marchés publics des États et des municipalités lorsqu'un financement fédéral est fourni. Le Canada est préoccupé par le fait que ces préférences limitent l'accès et le rendent imprévisible pour les fournisseurs canadiens. Le besoin de progrès villant à assurer l'accès aux fournisseurs canadiens, au niveau de l'État fédéral comme au niveau des États et des municipalités, reste un problème clé pour les gouvernements provinciaux canadiens lorsqu'il s'agit de déterminer si des offres d'ouverture des marchés publics provinciaux et municipaux du Canada doivent être prescrites.

### Modifications législatives et réglementaires

Les États-Unis en sont encore à l'étape de la mise en œuvre des modifications apportées aux procédures d'acquisition dans le cadre de lois adoptées en 1994 et 1995. Le Canada continue d'inciter le gouvernement américain à clarifier et corriger d'éventuelles incompatibilités entre les obligations qu'il a contractées en signant l'ALENA et les nouvelles procédures, qui semblent limiter la participation canadienne aux marchés publics. Ces changements, notamment des critères d'admissibilité à la sous-traitance et les procédures d'acquisition simplifiées pour tous les achats publics

délivré par un organisme américain d'accréditation, vérifiant la compétence professionnelle de l'individu et sa maîtrise de la langue anglaise. Une dérogation visant les personnes qui travaillent dans le secteur de la santé et qui sont désireuses d'obtenir un permis de séjour temporaire reste en vigueur, en attendant la mise en place des règlements d'application de la loi, pour les personnes désirant devenir des résidents permanents. Le Canada continue de soutenir, face au gouvernement, et au Congrès, que l'exigence relative à l'accréditation, dans le cas des personnes en quête d'un permis de séjour temporaire, entrainerait les engagements pris par les États-Unis en vertu de l'ALENA.

MARCHÉS PUBLICS

Le Canada continuera d'inciter les autorités des États-Unis à faciliter l'accès des fournisseurs canadiens aux marchés publics américains. À l'heure actuelle, les exemptions accordées en vertu des accords conclus dans le cadre de l'ALENA et de l'OMC ferment la porte à ceux qui voudraient présenter des soumissions à l'égard d'un large éventail de projets dans divers secteurs critiques. Les programmes réservés aux petites entreprises et aux entreprises minoritaires sont particulièrement restrictifs, tout comme les programmes Buy American (« achetons des produits américains »).

## Contrats réservés aux petites entreprises

Le gouvernement canadien est préoccupé par le fait qu'en 1998 les États-Unis ont encore une fois eu recours à des exceptions législatives à l'ALENA en créant deux nouveaux programmes favorisant par des conditions spéciales les petites entreprises américaines en leur réservant des contrats dans le cadre des marchés publics. La définition d'une petite entreprise américaine varie selon les industries, mais elle correspond généralement à un maximum de 500 employés dans une entreprise manufacturière (jusqu'à 1 500 employés dans certains secteurs), ou à un revenu annuel maximum de 17 millions de dollars américains pour une société de services. De plus, les départements fédéraux américains atteignent ou dépassent régulièrement leur objectif, qui est d'accorder 23 p. 100 de leurs contrats (selon la valeur) à des petites entreprises américaines. De plus, l'État exige que les offres des entrepreneurs et des principaux sous-traitants comprennent des plans pour confier une partie de leurs travaux en sous-traitance à de petites entreprises américaines. Le Canada est aussi préoccupé par le fait que l'utilisation de tels plans de

fournisseurs étrangers de services de télé-communications locaux, internationaux, de façon transparente et opportune, conformément aux principes de réglementation convenus sur le plan multilatéral.

## Transport maritime

Le Canada est de plus en plus préoccupé par le

fait qu'un certain nombre de lois (regroupées sous l'appellation de Jones Act) établissent une série de limites à la participation étrangère à l'industrie maritime des Etats-Unis. Ces lois restreignent notamment le transport de produits ou de passagers entre deux points situés aux Etats-Unis aux navires construits

dans ce pays et dont les propriétaires et l'équipage sont américains. Des restrictions semblables s'appliquent au dragage, au sauvetage et à d'autres activités commerciales menées dans les eaux américaines. Pour ce qui est du transport maritime international, des restrictions s'appliquent également quant à la nationalité des propriétaires des navires admissibles à l'homologation par les États-Unis. On trouve par ailleurs une variété de subventions et d'autres mesures de soutien en faveur des navires appartenant à des intérêts américains : par exemple les lois relatives au régime préférentiel de transport maritime leur accordent l'exclusivité pour ce qui est du matériel militaire et un traitement préférentiel en ce qui concerne le matériel public non militaire, les cargaisons de produits d'aide et certaines denrées agricoles.

Ces restrictions — auxquelles s'ajoutent d'autres exclusions (y compris celles qui sont reliées à l'amendement Byrnes/Tollefson dans le domaine de la défense) — limitent la participation des Canadiens sur le marché américain du commerce maritime.

Le Canada continuera d'encourager la libéralisation des mesures restrictives de la loi Jones chaque fois que l'occasion se présentera. Malgré les nombreux appels en faveur d'une réforme de ce secteur, les restrictions concernant le cabotage et la préférence donnée aux navires battant pavillon américain jouissent toujours d'appuis importants aux États-Unis, ce qui n'augure pas de changements majeurs à courte échéance.

## Admissions temporaires

Selon l'article 343 de la loi américaine sur l'immigration (*Illegal Immigration Reform and Immigrant Responsibility Act*), tout étranger souhaitant travailler dans le secteur de la santé doit présenter un certificat

contrôle de l'énergie (Federal Energy Regulatory Commission, ou FERC) exige des sociétés canadiennes américaines qu'elles offrent un accès maximal au marché américain qu'elles offrent un accès réciproque à leurs propres lignes de transmission. Les États-Unis envoient également de libéraliser la distribution au détail, et certains projets de loi prévoient la réciprocité obligatoire à cet égard. Il se peut qu'une législation soit proposée lors du 106<sup>e</sup> congrès pour conférer à la FERC un certain pouvoir de supervision des normes de fiabilité de transmission, actuellement établies par le North American Electric Reliability Council, une association privée regroupant l'industrie des services d'électricité. Le Canada, en consultation avec les gouvernements provinciaux et l'industrie, continuera de consulter les représentants américains et d'observer l'évolution du secteur de l'électricité aux États-Unis afin d'évaluer la conformité de ces propositions avec les obligations commerciales internationales des États-Unis, ainsi que d'autres implications commerciales et économiques.

### Alcools industriels

Les exportateurs canadiens qui vendent des alcools industriels aux États-Unis doivent les faire passer par une raffinerie américaine de spiritueux distillés pour qu'ils puissent accéder au processus de fabrication sans encourir les taxes d'accise américaine. Cela a un effet défavorable sur la compétitivité de leurs produits, puisque ces usines sont exploitées par des concurrents, réels ou potentiels.

Le Canada prépare une proposition, à présenter aux autorités américaines sur des modalités d'accès permettant d'expédier les produits directement aux utilisateurs industriels américains.

### Accord de reconnaissance mutuelle sur les systèmes d'inspection du poisson

En décembre 1997, les États-Unis ont adopté des règlements relatifs aux fruits de mer (Seafood Hazard Analysis Critical Control Point ou HACCP) qui s'appliquent aussi bien aux importations qu'à la production intérieure. L'Agence canadienne d'inspection des aliments (ACIA) et l'Agence de contrôle des aliments et des produits pharmaceutiques des États-Unis (Food and Drug Administration ou FDA) collaborent dans le but de parvenir à un ARM concernant les systèmes d'inspection du poisson. Les deux parties ont conclu

## FACILITER L'ACCÈS AU MARCHÉ DES SERVICES

### Services financiers

Le Canada suit de près les mesures prises aux États-Unis pour moderniser le secteur des services financiers. En ce qui a trait à la prestation de ces services de part et d'autre de la frontière, le Canada souhaite que soient davantage uniformisées les règles du jeu dans le secteur des valeurs mobilières. Aux termes de l'ALENA, le Canada, le Mexique et les États-Unis se sont engagés à revoir la question d'ici l'an 2000.

### Télécommunications

Les États-Unis ont exécuté leurs engagements par deux ordonnances de la Federal Communications Commission. En vertu de ces deux ordonnances (*la Foreign Participation Order* et *la Domestic International Satellite Consolidation Order*), les sociétés des pays membres de l'OMC bénéficient maintenant d'une présomption réfractable selon laquelle les demandes de services de télécommunications internationales ne causent aucune préoccupation pouvant justifier le refus d'une demande pour des raisons de concurrence. La même présomption s'applique maintenant aux demandes de licences d'atterrissage de câbles et aux demandes de dépassement de la limite de propriété étrangère indirecte de 25 p. 100 dans une licence radio d'entreprise de télécommunications. Une licence peut cependant être refusée si le pouvoir exécutif exprime des préoccupations relatives à la sécurité nationale, à l'exécution des lois, à la politique étrangère ou au commerce international.

Le Canada continuera à surveiller l'exécution par les États-Unis de leur engagement de permettre aux

en décembre 1997 une entente provisoire en vertu de laquelle les importateurs américains qui achètent du poisson et des fruits de mer canadiens provenant de producteurs inscrits sur la liste d'usines de l'ACIA sont réputés avoir respecté les obligations de « mesures affirmatives » imposées par les règlements du HACCP. Cette disposition a permis aux exportations canadiennes d'être acheminées vers les États-Unis sans interruption. L'ACIA et la FDA poursuivent leurs efforts visant à conclure l'ARM le plus rapidement possible.

obligations aux termes de l'Accord sur les aspects des droits de propriété intellectuelle qui touchent au commerce de l'OMC, mais des plaintes en vertu de l'article 337 sont encore déposées contre des entreprises canadiennes, qui doivent alors faire face à des procédures supplémentaires pour se défendre contre les allégations de violation de propriété intellectuelle. Le gouvernement du Canada reste préoccupé par ces problèmes et entend suivre de près certains cas spécifiques pour déterminer les mesures à prendre afin de veiller à ce que les Canadiens soient traités conformément aux obligations commerciales internationales des États-Unis.

### Recours commerciaux

Les représentants du Canada continuent de suivre de près la situation en ce qui concerne les recours commerciaux aux États-Unis afin de veiller à ce que les changements apportés à l'application de la législation commerciale et aux pratiques commerciales ne soient pas indûment préjudiciables aux exportateurs canadiens faisant l'objet d'enquêtes et d'examen dans le cadre de recours commerciaux américains. Le Canada a présenté dans ce but, à six occasions distinctes, des commentaires élaborés sur les projets de règlements du Département américain du commerce et de l'ITC concernant les enquêtes sur le dumping et les droits compensateurs. La majorité de ces commentaires ont été présentés en réponse aux réglementations proposées concernant la conduite des réexamens des 15 ordonnances de droits antidumping et de droits compensateurs visant des produits canadiens. Ces examens, qui ont commencé en juillet 1998, doivent se poursuivre jusqu'à la fin de l'an 2000. C'est à la suite de ces examens qu'il sera décidé du maintien ou de l'abrogation de ces ordonnances.

Enfin, les représentants du Canada sont venus en aide aux producteurs canadiens d'acier, de magnésium, de laiton, de porcins et de gluten de blé, en leur offrant des conseils et en présentant des observations sur certains aspects particuliers des enquêtes portant sur des recours commerciaux effectués par les États-Unis.

### Électricité

Les États-Unis se dirigent rapidement vers une situation de concurrence plus serrée dans le secteur de l'électricité, ce qui pourrait offrir de nouveaux débouchés aux entreprises canadiennes de services publics. Dans le cadre de la libéralisation du secteur du commerce de gros, la commission américaine de

Le rapport, diffusé en novembre 1998, n'a constaté aucune violation d'accords commerciaux internationaux. Au-delà de la protection de renseignements commerciaux délicats, la Commission du blé a répondu complètement aux questions du GAO.

### Procédures douanières et administratives

À la suite de la visite du premier ministre à Washington en 1997, le Canada et les États-Unis ont pris plusieurs initiatives pour améliorer les transports et le commerce transfrontaliers de même que le préedouanement des passagers en transit dans les aéroports canadiens. Pour tirer pleinement parti du libre-échange, le Canada et les États-Unis sont en train de créer une frontière « plus intelligente » qui facilite le commerce et le tourisme, et assure une protection contre les activités illícites. En vertu de l'Accord entre le Canada et les États-Unis sur leur frontière commune, les deux pays ont établi de nouveaux mécanismes pour gérer les mouvements transfrontaliers de produits et de personnes, pour réduire le nombre d'arrêts que doivent effectuer les transporteurs de produits en transit dans l'un ou l'autre pays, pour promouvoir les recours à des installations conjointes ou communes à la frontière et pour adopter des technologies nouvelles pour détecter les drogues et faire l'inspection des voyageurs à distance. Le Canada et les États-Unis doivent poursuivre ces efforts visant à décongestionner nos points d'entrée et à réduire les coûts causés par cette congestion.

### Propriété intellectuelle

Selon l'article 337 de la loi américaine de 1930 sur les tarifs, les produits importés qui sont réputés contravenir aux droits américains de propriété intellectuelle peuvent être interdits d'entrée aux États-Unis par la Commission du commerce international (International Trade Commission, ou ITC). Les possibilités de recours direct contre les contrevenants présumés qu'offre l'article 337 sont plus nombreuses que celles qu'on trouve dans les causes internes, et les procédures administratives de l'ITC peuvent être plus coûteuses. Les contrevenants présumés qui se trouvent aux États-Unis ne s'exposent qu'à des poursuites judiciaires tandis que les importateurs risquent à la fois une poursuite judiciaire et une poursuite de l'ITC. En 1989, un groupe spécial du GATT a constaté que l'article 337 violait les obligations découlant du GATT. La législation de mise en œuvre de l'Uruguay Round a retiré les clauses incompatibles avec les nouvelles

marché américain encore plus attrayant pour les exportateurs canadiens, ce qui aggraverait encore plus les incertitudes inhérentes concernant les importations en provenance du Canada.

### Initiatives concernant l'étiquetage de pays d'origine

À l'été de 1998, le sénat des États-Unis a adopté une législation exigeant l'étiquetage de la viande de boeuf et d'agneau au niveau du commerce de détail, pour distinguer les viandes importées des produits américains. Cette loi aurait des conséquences défavorables graves pour les exportations canadiennes de viande de boeuf et de bovins. Le Canada a demandé des consultations en vertu des dispositions de règlement de différends de l'ALENA et présenté vigoureusement ses arguments contre ces dispositions devant le gouvernement et le Congrès. La clause concernée a été par la suite abandonnée et le Département de l'Agriculture des États-Unis a reçu instruction d'en étudier les implications. Le problème réapparaîtra probablement au printemps de 1999, une fois l'étude terminée.

En 1998, le Congrès a également envisagé l'adoption d'une loi sur l'étiquetage des fruits et légumes et d'une loi exigeant que les emballages de détail de fruits et légumes surgelés importés indiquent le pays d'origine sur le côté exposé (la pratique courante permet le marquage au dos des emballages ou ailleurs). Le Canada proteste depuis longtemps contre les propositions du gouvernement américain visant à exiger le marquage à l'avant des fruits et légumes surgelés et le gouvernement n'a encore rien fait pour se conformer à cette exigence au moyen d'une réglementation.

### SURVEILLANCE DES DÉVELOPPEMENTS QUI AFFECTENT LES INTÉRÊTS DU CANADA

#### Article 110

L'article 110 de la loi américaine de 1996 sur l'immigration demandait au service de l'immigration et de la naturalisation de créer un système de documentation des entrées et sorties de tous les étrangers. Si cette clause était mise en œuvre, elle se traduirait par des retards massifs au passage des frontières canadiennes, déjà surchargées. En octobre 1998, la date d'entrée en vigueur a été reportée au 30 mars 2001, à condition

### Taxe d'affaires unique du Michigan

Les modifications de la Taxe d'affaires unique du Michigan pourraient avoir un effet majeur sur les entreprises canadiennes qui vendent au Michigan. Selon une juridiction élargie, les firmes extérieures à l'État n'ayant qu'une activité très limitée et aucun établissement commercial sont taxables et pourraient être assujetties à la taxe pour une période rétroactive de quatre à dix ans. À la suite de réclamations du Canada, le Michigan a convenu de retarder la pleine application de la Taxe d'affaires unique et de participer à des consultations avec l'industrie canadienne. Les consultations visent à informer les entreprises canadiennes des modifications et à trouver une façon de les mettre en œuvre qui soit plus acceptable pour les deux parties.

### Pouvoir de négociation accélérée

Le pouvoir de négociation accélérée est un mandat accordé au gouvernement américain, selon lequel le Congrès établit les objectifs de négociation des États-Unis et approuve ou désapprouve, sans modification, les accords de libéralisation du commerce négociés en fonction de ces objectifs. La Chambre des représentants s'est opposée au pouvoir de négociation accélérée en septembre 1998, après un débat passionné, ce qui est une défaite grave pour la négociation accélérée et pour le bipartisme essentiel au leadership américain sur le plan international. À la suite des élections au Congrès à mi-mandat, le gouvernement s'est engagé à aborder de nouveau et sans tarder le problème avec le nouveau Congrès, mais aucune échéance n'a encore été fixée.

### AUTRES DOSSIERS

#### Enquête du General Accounting Office

En septembre 1997, à la demande du sénateur américain Dorgan (démocrate du Dakota du Nord), le General Accounting Office (GAO) a procédé à un examen des importations américaines de blé canadien. Le GAO a rencontré de nombreux représentants du gouvernement et de l'industrie à Ottawa et à Winnipeg. Les hauts fonctionnaires canadiens et les représentants de la Commission canadienne du blé ont collaboré avec le GAO pendant toute son étude.

Les États-Unis étaient le lieu de destination de

11 p. 100 des exportations de blé canadien, selon la valeur, en 1998. Alors que le blé canadien est apprécié des minorités américaines en raison de l'uniformité de sa qualité et de la fiabilité des approvisionnements, certains groupes de producteurs américains contiennent de demander l'application de restrictions visant le grain canadien, en s'appuyant sur des mythes concernant les pratiques commerciales canadiennes relatives aux produits agricoles. Le Canada n'a pas l'intention de restreindre les exportations de grains. Notre commerce est axé sur le marché et conforme à nos obligations commerciales. Les deux parties ont maintenu pris l'engagement de procéder à un échange régulier d'information sur le commerce bilatéral et international des grains pour contribuer à corriger toute perception erronée de l'impact des exportations canadiennes sur le marché américain et pour aborder d'autres questions telles que les pratiques commerciales dans les pays tiers. De plus, le Canada continue de favoriser un développement des consultations et de la coopération parmi les groupes industriels des deux côtés de la frontière.

Dans le cadre de ce plan d'action, les deux parties ont convenu de retirer une série de mesures ayant pour effet de restreindre l'accès au bétail, aux semences équinés, aux produits horticoles et aux produits de pépinière. Cet accord aborde également les préoccupations de l'industrie concernant les médicaments à usage vétérinaire et les produits antiparasitaires. Les organismes canadiens et américains responsables de ces questions ont convenu de plans de travail pour augmenter les échanges d'information et l'harmonisation de leurs systèmes réglementaires.

Le Canada est également préoccupé de l'utilisation par les États-Unis de subventions à l'exportation dans les pays tiers. Dans le cadre du programme américain de promotion des exportations (Export Enhancement Program ou EEP), le Département de l'Agriculture des États-Unis peut subventionner une variété d'exportations agricoles américaines destinées à des marchés déterminés. Le gouvernement américain a été soumis à des pressions de certains groupes de producteurs agricoles et de politiciens du Midwest pour réactiver l'EEP pour le blé, la farine de blé et d'autres produits en vrac, en soutenant que l'utilisation de l'EEP aidera les producteurs américains. Le Canada a soutenu que toute décision visant à utiliser l'EEP pour augmenter le prix du blé sur le marché américain rendrait le

devenir conformes; de plus, de nouvelles mesures ayant des effets de distorsion du commerce et concernant les exportations canadiennes de boissons alcoolisées aux États-Unis ont été mises en œuvre au niveau de l'État depuis la présentation du rapport du groupe spécial du GATT. Le Canada poursuit donc cette question avec les États-Unis, pour demander l'exécution des recommandations du groupe spécial du GATT. Cela exige : 1) le retrait des éléments discriminatoires de la taxe d'accise fédérale sur la bière, le vin et le cidre; 2) des mesures raisonnables du gouvernement pour veiller à ce que les États observent les obligations découlant des accords commerciaux des États-Unis, en éliminant les aspects discriminatoires de mesures telles que les taxes d'accise et les pratiques de distribution.

## OPPOSITION AUX MESURES AMÉRICAINES LIMITANT L'ACCÈS

### Produits agricoles et agroalimentaires

En 1998, les bas prix des matières premières et les préoccupations concernant l'accès aux marchés des deux côtés de la frontière ont aggravé les tensions dans les échanges de produits agricoles. Confronté à des pressions politiques des agriculteurs et aux perspectives d'élection du mois de novembre, le gouvernement du Dakota du Sud a bloqué les camions canadiens transportant du bétail et du grain au milieu du mois de septembre. Certains États avoisinants ont cédé aux pressions politiques et se sont joints au Dakota du Sud en demandant que la police et d'autres organismes augmentent les inspections de camions canadiens. Les autorités d'État ont mis fin à ces mesures une fois que le gouvernement américain, sous la pression des demandes canadiennes de consultations dans le cadre de l'OMC et de l'ALENA, eut convenu de participer à des discussions bilatérales avec le Canada. Au début du mois de décembre, les deux parties ont annoncé un accord de principe et un plan d'action en 17 points visant à améliorer l'accès aux marchés pour les produits agricoles et agroalimentaires et pour améliorer la gestion de la relation bilatérale. Cet accord établit un mécanisme d'alerte rapide pour veiller à ce que les problèmes préoccupant les deux parties soient abordés sans tarder et de façon efficace, par des consultations régulières au niveau ministériel et au niveau des hauts fonctionnaires fédéraux. Le texte complet de ces résultats est disponible sur le site Web du MAECI

(<http://www.dfat-mact.gc.ca/geo/usa/general-f.htm>).

décritée par la Colombie-Britannique le 1<sup>er</sup> juin 1998. Le Canada continuera de gérer ces dossiers et d'autres avec les États-Unis, en collaboration avec les provinces et les membres de l'industrie touchés.

Nous avons en outre entamé de vastes consultations auprès des provinces et des membres de l'industrie touchés au sujet des dispositions à prendre à l'expiration de l'Accord, le 31 mars 2001.

## Sanctions

Le Canada reste préoccupé par la prolifération de sanctions économiques unilatérales à application extraterritoriale imposées par les États-Unis. Ces mesures entravent le droit légitime des Canadiens de commercer et d'investir librement, tant qu'ils le font dans le respect des lois canadiennes, des lois du pays dans lequel ils opèrent et des pratiques commerciales internationales. Au niveau fédéral, les exemples les plus notables sont la loi sur la liberté de Cuba et la solidarité démocratique (Libertad) de 1996 (loi Helms-Burton) et la loi de 1996 sur les sanctions contre l'Iran et la Libye (LI 5A). Un certain nombre d'États et de municipalités américaines ont également adopté des textes législatifs assortis de sanctions et imposant des restrictions sur l'accès aux marchés publics ou des dessaisissements d'actif dans des pays déterminés. Les tribunaux américains examinent la constitutionnalité de ces lois.

La loi Helms-Burton vise à décourager les investissements en provenance de pays tiers à Cuba en exposant les citoyens étrangers qui exercent des activités commerciales dans des propriétés cubaines expropriées, à des demandes de compensation relatives à ces propriétés devant les tribunaux américains. Elle comprend également des mesures pour interdire l'entrée aux États-Unis de personnes (et de leurs dépendants) ou d'entreprises étrangères qui s'adonnent à ces activités. Cette loi viole les obligations contractées par les États-Unis dans le cadre des accords internationaux, dont l'ALENA et l'OMC, et est incompatible avec les principes de droit international généralement reconnus. Le droit de poursuite prévu en vertu du titre III de la loi Helms-Burton a été suspendu, mais le maintien de cette suspension ne corrige aucunement les problèmes que soulève cette loi à long terme. Les sommes dues par les entreprises canadiennes touchées par la loi s'accumulent depuis 1996 et l'entrée aux États-Unis a été interdite aux dirigeants de l'une d'entre elles en vertu du titre IV de la loi.

## Boissons alcoolisées

En février 1992, le Canada était en position de plaignant à l'égard des États-Unis dans un groupe spécial du GATT qui examinait les mesures fédérales et des États des États-Unis concernant les importations de bière, vin et cidre. Le groupe spécial a constaté, par exemple, que certaines dispositions de la taxe d'accise fédérale, ainsi que celles de nombreux États, étaient discriminatoires à l'égard des importations et donc incompatibles avec le GATT. De plus, le groupe spécial avait constaté que de nombreuses autres mesures prises par divers États constituaient également un traitement discriminatoire des boissons alcoolisées importées et il recommandait que le gouvernement fédéral et les gouvernements d'États-Unis fassent le nécessaire pour que leurs mesures non conformes deviennent compatibles avec leurs obligations en vertu du GATT.

Le Canada s'est opposé avec énergie au caractère extraterritorial de la loi Helms-Burton et aux effets nocifs qu'elle a sur les liens légitimes qu'il a noués avec Cuba en matière de commerce et d'investissement. Il est intervenu sur plusieurs fronts à la fois, tant au pays même que sur la scène internationale, pour exiger le retrait des aspects commerciaux de la loi Helms-Burton. De plus, des modifications ont été apportées à la Loi sur les mesures extraterritoriales étrangères pour permettre aux entreprises canadiennes de mieux se défendre contre les mesures issues de la loi Helms-Burton.

Le 21 octobre 1998, l'Assemblée générale des Nations Unies a adopté la résolution « Nécessité de mettre fin à l'embargo économique, commercial et financier imposé par les États-Unis contre Cuba ». Cette résolution vise spécifiquement la loi Helms-Burton.

La loi de 1996 sur les sanctions contre l'Iran et la Libye vise à dissuader les sociétés étrangères de faire dans ces pays des investissements importants pouvant favoriser la capacité de développement de leurs secteurs du pétrole et du gaz. Cela s'oppose au droit des sociétés non américaines de faire des affaires légitimes. Simultanément, le Canada a pris des mesures strictes visant à ce que le commerce canadien ne contribue pas au développement des capacités militaires de l'Iran et de la Libye, ni à leur possibilité de développer des armes nucléaires, biologiques et chimiques.

exportations de bois d'œuvre transformé une première fois qui proviennent de la Colombie-Britannique, du Québec, de l'Ontario et de l'Alberta et qui dépassent 14,7 milliards de pieds-planché par an sont soumis à un prix de licence de 50 \$US les 1 000 pieds-planché pour la première tranche de 650 millions de pieds-planché et à un prix de licence de 100 \$US les 1 000 pieds-planché pour la quantité excédentaire restante. Les prix sont rajustés chaque année en fonction de l'inflation.

L'Accord prévoit en plus, pour chaque trimestre de l'année civile, l'exportation, sans prix de licence à payer, de 92 millions de pieds-planché supplémentaires de bois d'œuvre (quantité de base) si le prix moyen dépasse 405 \$US les 1 000 pieds-planché au cours des deux premières années de l'Accord et 410 \$US les trois dernières années.

La méthode employée pour répartir les exportations pour lesquelles aucun prix de licence n'est exigé et celles soumises au prix de licence de 50 \$US a été mise au point en collaboration avec les exportateurs, les associations et les provinces concernées. Les discussions ont été vastes et complexes parce que l'on a tenté de tenir compte des priorités et des besoins divergents de plus de 500 parties intéressées. Les entreprises se sont vu attribuer des parts de contingent calculées d'après leurs exportations habituelles aux États-Unis. On a également prévu l'attribution de parts à de nouvelles entreprises ou aux entreprises prévoyant une forte expansion. Les parts, attribuées pour la première fois en octobre 1996, sont renouvelées chaque année selon la quantité de la part utilisée par le détenteur l'année précédente. Les entreprises canadiennes bénéficient ainsi de la stabilité de l'accès au marché dont elles ont besoin pour prendre des décisions rationnelles et de longue durée pour commercialiser et expédier leur bois d'œuvre aux États-Unis.

L'Accord sur le bois d'œuvre résineux, qui doit durer cinq ans, entame sa quatrième année d'existence. Faire en sorte que le système d'attribution des parts de contingent continue de bien fonctionner et poursuivre le processus de vérification pour assurer le respect des règles sont les objectifs visés pour 1999. Le règlement des différends demeure un défi constant et de taille. Jusqu'à présent, on a eu recours au processus de règlement des différends établi dans l'Accord pour trancher deux questions : la reclassification, par les États-Unis, des poteaux préforés pour en faire des produits couverts par l'Accord et la réduction des droits de coupe

## EXERCICE DES DROITS DU CANADA EN VERTU D'ACCORDS COMMERCIAUX

### Sucre et produits contenant du sucre

En septembre 1997, le Canada et les États-Unis ont échangé des lettres d'entente en vertu desquelles le Canada recevait une allocation spécifique permettant l'importation chaque année aux États-Unis en franchise de douane de certaines quantités de produits contenant du sucre (PCS) et de sucre raffiné du Canada. Le Canada peut également faire concurrence à d'autres pays pour les parts non attribuées de ces contingents tarifaires. Pour assurer un accès prévisible aux contingents tarifaires des PCS pour les exportateurs canadiens, dans le cadre du Plan d'action commun Canada-États-Unis sur le commerce des produits agricoles, les États-Unis exigent un permis d'exportation, émis par le gouvernement du Canada, comme condition d'entrée lorsque l'exportateur ou l'importateur demande un traitement tarifaire préférentiel. Cette modification sera mise en œuvre au plus tard le 1<sup>er</sup> juin 1999. Alors que l'accès garanti aux marchés américains a été favorable aux sociétés canadiennes, des gains supplémentaires résulteront d'une augmentation globale de l'accès aux marchés américains lucratifs du sucre et des PCS. La meilleure occasion d'élargir cet accès surviendra lors des prochaines négociations de l'OMC sur l'agriculture, qui doivent commencer à la fin de 1999.

## Accord sur le bois d'œuvre résineux

Parce qu'il protège pendant cinq ans les exportateurs canadiens de bois d'œuvre contre toute mesure commerciale de la part des États-Unis, l'Accord canado-américain sur le bois d'œuvre résineux, qui existe depuis le 1<sup>er</sup> avril 1996, améliore la stabilité du commerce de ce produit entre le Canada et les États-Unis et la capacité de prédire son évolution. Selon l'Accord, les

Contingent tarifaire total pour PCS	64,709 tonnes
Montant attribué au Canada	59 250 tonnes
Portion non attribuée	5 459 tonnes
Contingent tarifaire total pour sucre raffiné	22,000 tonnes
Montant attribué au Canada	10 300 tonnes
Portion non attribuée	7 090 tonnes

et la solidarité démocratique (*Cuban Liberty and Democratic Solidarity* — *LIBERTAD* — *Ata*, également appelé loi Helms-Burton), contre des investisseurs ayant acquis des produits expropriés par le gouvernement cubain.

## Priorités du Canada en 1999

- s'efforcer de promouvoir, protéger et faciliter l'accès de ses entreprises au marché américain en exerçant ses droits en vertu des accords commerciaux en vigueur et en s'opposant à toute mesure visant à restreindre l'accès au marché de son plus important partenaire commercial;
  - renforcer les efforts canadiens visant à informer les leaders d'opinion sur les effets défavorables du protectionnisme et à établir et soutenir des alliances stratégiques avec les clients américains et leurs représentants touchés par de telles mesures;
  - continuer de surveiller attentivement les mesures susceptibles de fausser les choix en matière d'exportation et d'investissement sur le marché nord-américain et de réagir à ces mesures au besoin;
  - continuer de résister à l'application extraterritoriale des lois américaines;
  - collaborer étroitement avec les États-Unis pour accroître la coopération et rationaliser le traitement frontalier, par des initiatives telles que l'Accord sur la frontière commune et le prédédouanement, ce qui comprendra un élargissement du programme d'expansion de service, à application volontaire;
  - poursuivre les efforts visant à défendre les intérêts canadiens en informant les leaders d'opinion américains sur l'effet défavorable de toute législation ayant un impact sur la liberté et la facilité de mouvement transfrontalier de personnes et de produits, comme dans le cas de l'article 110;
  - continuer de promouvoir les objectifs canadiens d'accès au marché dans d'autres secteurs, dont les services, les marchés publics et l'application des recours commerciaux.
- Le reste du présent chapitre contient des renseignements complémentaires sur certains aspects de l'accès au marché américain auxquels le Canada accordera la priorité au cours de l'année à venir. On ne saurait y voir un inventaire complet des obstacles que doivent surmonter les entreprises canadiennes aux États-Unis ni des questions que le Canada entend suivre de près.

commerciales dirigées par un ministre peut contribuer à établir des liens avec les dirigeants du secteur public et du secteur des entreprises qui favoriseront la progression des priorités canadiennes. Un programme de visites par plusieurs sous-ministres fédéraux sert également à promouvoir les intérêts canadiens sur ce marché et à souligner l'attrait du Canada pour les investisseurs.

## Résultats obtenus en 1998

- Le 4 décembre 1998, le Canada et les États-Unis se sont entendus sur des mesures très diverses concernant des problèmes existant depuis longtemps dans le domaine du commerce des produits agricoles et ont convenu d'organiser des rencontres bilatérales de haut niveau pour aborder les questions qui posent des problèmes avant qu'elles ne deviennent des sujets de litige.
- Le 30 novembre 1998, le Canada et les États-Unis ont convenu de mettre en œuvre au Canada un programme de prédédouanement de produits en transit, sur l'ensemble du pays, qui s'inspire du succès de l'accord « Ciel ouvert ». Du fait de cette initiative, tous les aéroports canadiens disposant déjà d'installations adéquates de prédédouanement pourront assurer des services de prédédouanement en transit qui simplifieront le traitement des passagers en provenance de l'Asie et de l'Europe et dont la destination finale se trouve aux États-Unis. Vancouver, Toronto et Montréal (Dorval) seront admissibles au prédédouanement en transit en 1999. Calgary a l'intention de leur emboîter le pas en 2001. Edmonton, Ottawa et Winnipeg devraient être admissibles après 2001.
- Le Canada et les États-Unis ont organisé des séminaires sur la conformité, donnés au Canada par les douanes américaines et par la U.S. Food and Drug Administration, en collaboration avec des agents du Canada, pour informer les exportateurs canadiens des exigences réglementaires des États-Unis.
- L'état du Michigan a convenu de reporter l'application aux sociétés canadiennes de sa Taxe d'affaires unique. Les consultations concernant la mise en œuvre de la Taxe d'affaires unique auront lieu en 1999, avec la participation de représentants des milieux d'affaires des deux côtés de la frontière.
- Deux fois en 1998, et de nouveau le 1<sup>er</sup> février 1999, le président Clinton a exercé son pouvoir discrétionnaire de suspension du droit de poursuivre en vertu du titre III de la loi sur la liberté de Cuba

1989, le commerce bilatéral a plus que doublé. De 1992 à 1998, il a augmenté en moyenne de plus de 13,7 p. 100 par an. Au cours de cette même période, les échanges commerciaux du Canada avec le reste du monde croissaient d'environ 8,4 p. 100 par année en moyenne.

L'ALE et, par la suite, l'ALENA ont eu d'autres retombées positives. Par exemple, de 1991 à 1997, les investissements directs des États-Unis au Canada sont passés d'environ 85 milliards de dollars à environ 130 milliards alors que les investissements directs du Canada aux États-Unis sont passés de 63 milliards de dollars à 100 milliards de dollars pour la même période. De plus, l'accord « Ciel ouvert » signé en février 1995 a créé de nouveaux débouchés pour les compagnies aériennes canadiennes et américaines.

Les rapports qui unissent le Canada et les États-Unis au plan des échanges commerciaux et des investissements se distinguent de ceux que nous entretenons avec d'autres pays, non seulement par l'importance des sommes en cause mais aussi qualitativement. Les exportateurs canadiens de produits et de services ont accès à d'excellents débouchés dans pratiquement tous les secteurs du marché américain. Pour exploiter ces possibilités, le MAECI concentre son activité de promotion commerciale sur l'accès des PME au marché. Le programme Nouveaux exportateurs aux États frontaliers a connu un grand succès à cet égard, ayant aidé plus de 8 500 entreprises à aborder pour la première fois le marché américain. Le gouvernement canadien encourage les exportateurs canadiens qui se sont bien tirés d'affaire dans plusieurs régions des États-Unis à passer à l'étape suivante, c'est-à-dire à s'attaquer à d'autres marchés étrangers.

Le gouvernement canadien a produit une nouvelle stratégie de développement des investissements pour attirer et accroître les investissements en provenance des États-Unis et pour encourager les alliances stratégiques avec les entreprises américaines. La stratégie définit les plans du gouvernement en vue de promouvoir l'investissement à l'aide d'une approche plus intégrée et plus sectorielle qui s'appuie sur la coopération entre le MAECI et ses partenaires d'Équipe Canada inc.

Lorsqu'on fait la promotion des intérêts du Canada en ce qui concerne l'accès aux marchés et l'expansion des activités aux États-Unis, il importe de cibler les différentes régions du pays. Dans la plupart des cas, les marchés que représentent ces dernières sont plus vastes que ceux de bien des pays. L'envoi de missions

## Aperçu

### ÉTATS-UNIS

Le Canada est le principal partenaire commercial des États-Unis et vice-versa, la valeur des produits et services qui franchissent chaque jour la frontière se chiffrant à environ 1,5 milliard de dollars. En 1998, la valeur des exportations canadiennes vers les États-Unis s'élevait à 270,6 milliards, tandis que celle des importations atteignait 234,2 milliards. En ce qui concerne les services, les chiffres étaient de 26,7 et 32,2 milliards, respectivement. Les ventes de produits aux États-Unis soutiennent à elles seules plus de 2 millions d'emplois au Canada et comptent pour 30,4 p. 100 du PIB du Canada. Au total, 83,7 p. 100 des exportations canadiennes de produits sont destinées à notre voisin du Sud. Depuis l'entrée en vigueur de l'Accord de libre-échange entre le Canada et les États-Unis en 1989, les demandes de révision de décisions prises par des agences américaines (concernant l'acier ordinaire plat et les tôles de laiton). Deux autres causes concernant des produits canadiens ou des agences canadiennes n'ont pas encore été réglées. L'une concerne une décision d'une agence canadienne à propos de plaques d'acier ordinaire laminé à chaud en provenance du Mexique et l'autre concerne la décision d'une agence mexicaine à propos de plaques d'acier laminé en provenance du Canada. Une cause, concernant l'examen d'une décision d'une agence canadienne portant sur une mesure antidumping sur les panneaux de béton en provenance des États-Unis qui avait été demandée en 1997, a été réglée en 1998.

Au cours de l'année passée, le Canada a pris des mesures en vertu des procédures du chapitre 20, concernant l'étiquetage de viande et les grains, pour défendre des intérêts canadiens (de plus amples détails sur ces cas sont donnés à la section « États-Unis » de ce chapitre). De plus, plusieurs consultations auxquelles le Canada a participé en tant que tiers ont eu lieu en 1998 (à propos de l'accès des autobus et à propos du sucre). En ce qui concerne l'accès des autobus, le Mexique a demandé, à la suite des réunions de la Commission de l'ALENA, des groupes spéciaux d'arbitrage en vertu du chapitre 20 pour résoudre ces différends avec les États-Unis, et le Canada doit y participer en tant que tiers. Par ailleurs, le Mexique a réclamé que des discussions aient lieu sur la question du sucre dans le cadre de la Commission de l'ALENA.

Lors de la plus récente réunion de la Commission, en

avril 1998, les ministres ont lancé un « examen opéra-

tionnel » étendu du programme de travail de l'ALENA

pour examiner la structure, les mandats et les priorités

futures du programme de travail de l'ALENA. Ce

programme a fait l'objet d'un examen détaillé par les

sous-ministres du Commerce de l'ALENA à Ottawa

les 21 et 22 septembre 1998. À la suite de l'approbation

par les ministres, les résultats de cet examen ont été

diffusés par le biais du site Web du MAECI. Le Canada

sera l'hôte de la prochaine réunion de la Commission

de l'ALENA, qui marquera le cinquième anniversaire

de l'ALENA au printemps de 1999. Cette réunion

donne une occasion opportune d'évaluer l'impact qu'a

eu l'ALENA au cours de ses cinq premières années et

de fixer l'itinéraire à suivre pour l'avenir. Les priorités

du Canada comprennent l'examen de la mise en œuvre

du chapitre sur les investissements (y compris les clauses

de règlement de différends entre investisseurs et États),

les recours commerciaux et la poursuite de la coopéra-

tion entre les accords sur le commerce et les accords

accessoires sur l'environnement et sur la main-d'œuvre.

Le volume global des échanges commerciaux et

des investissements entre le Canada, le Mexique et

les États-Unis a augmenté considérablement depuis

l'entrée en vigueur de l'ALENA en 1994. Les échanges

commerciaux du Canada avec les États-Unis et le

Mexique ont dépassé 0,5 billion de dollars en 1998.

Il en va de même des échanges bilatéraux de produits

entre le Canada et chacun de ses deux partenaires :

dans le cas du Mexique, ces échanges se sont accrus

de 8,6 p. 100 en 1998 pour atteindre 8,9 milliards de

dollars, tandis que le commerce de produits avec les

États-Unis accusait une hausse de 11,1 p. 100 pour

se chiffrer à 50,5 milliards de dollars.

Dans le cadre de l'ALENA, les producteurs canadiens

sont maintenant mieux à même de réaliser leur plein

potentiel du fait qu'ils évoluent désormais au sein

d'une économie nord-américaine à la fois plus inté-

gréée, plus vaste et plus efficace. Les consommateurs

bénéficient de la concurrence accrue qui en découle,

car elle leur permet d'obtenir des produits et des

services de meilleure qualité à un meilleur prix.

L'accès plus facile aux marchés de l'ALENA et

la présence de règles claires sur le commerce et

l'investissement ont accru l'attrait que présente le

Canada aux yeux des investisseurs, aussi bien canadiens

qu'étrangers. Les investissements étrangers directs au

Canada atteignent 187,6 milliards de dollars en 1997.

## Règlement des différends dans le cadre de l'ALENA

dont 70 p. 100 provenaient de nos partenaires de l'ALENA. Les investissements américains directs au Canada ont en effet augmenté pour la quatrième année consécutive, pour atteindre 130 milliards de dollars en 1997, alors que les investissements en provenance du Mexique ont atteint 223 millions de dollars, ce qui représentait une augmentation d'environ 50 p. 100 par rapport à 1993. Les investissements canadiens directs dans les pays de l'ALENA ont également progressé, pour atteindre 99 milliards aux États-Unis en 1997 (soit 47 p. 100 de plus qu'en 1993) et plus de 1 milliard au Mexique (environ le double du niveau de 1993).

L'immense majorité de nos échanges commerciaux et d'investissements avec les États-Unis et le Mexique se déroulent maintenant dans le contexte des règles claires et bien établies de l'ALENA, mais il est inévitable que des désaccords se produisent au sein d'une zone commerciale aussi vaste. Aussi l'ALENA offre-t-il aux gouvernements concernés la possibilité de résoudre ces différends par l'intermédiaire de comités et de groupes de travail, ou par d'autres formules de consultation. Si aucune solution mutuellement acceptable ne peut être trouvée, l'ALENA prévoit des procédures expéditives et efficaces de règlement des différends. Si ce sont les droits et obligations définis par l'OMC qui sont en cause, les parties à l'ALENA peuvent aussi recourir aux procédures de règlement des différends de l'OMC plutôt qu'à celles de l'ALENA.

Le chapitre 20 comprend des clauses relatives à l'évitement ou au règlement de différends concernant l'interprétation ou l'application de l'ALENA, à l'exception des questions couvertes par le chapitre 19. Il y a également des règles particulières pour les questions couvertes par les chapitres 11 (Investissement) et 14 (Services financiers). Le chapitre 19 de l'ALENA permet également de soumettre à l'arbitrage d'un groupe spécial binationnel, plutôt qu'à la décision finale d'un tribunal, toute mesure prise par l'une des parties en matière de droits antidumping ou de droits compensateurs.

Avant la fin de novembre 1998, trois demandes de révision de décisions prises par des agences canadiennes ont été présentées à propos de causes concernant des mesures antidumping ou des droits compensateurs (aliments pour bébés, acier ordinaire plat et accessoires de tuyauterie en cuivre), et des producteurs canadiens

L'Accord de libre-échange nord-américain est entré en vigueur le 1<sup>er</sup> janvier 1994. L'ALENA, qui a pour objectif d'accroître les échanges commerciaux et les flux d'investissement entre le Canada, les États-Unis et le Mexique, comporte un ambitieux calendrier d'élimination des tarifs douaniers et de réduction des barrières non tarifaires, ainsi que des dispositions détaillées régissant les pratiques commerciales dans la zone de libre-échange. Ces dispositions comprennent des règles visant les investissements, les services, la propriété intellectuelle, la concurrence et l'admission temporaire des gens d'affaires.

L'ALENA ne modifie en rien l'élimination progressive des tarifs douaniers prévue aux termes de l'Accord de libre-échange entre le Canada et les États-Unis, qui a été achevée le 1<sup>er</sup> janvier 1998. Depuis cette date, les droits applicables aux produits d'origine échangés entre les deux pays ont à peu près tous été éliminés. Certains tarifs ont toutefois été maintenus, principalement dans les secteurs canadiens assujettis à la régulation de l'offre (produits laitiers et volaille, par exemple) ainsi que, du côté américain, à l'égard du sucre, des produits laitiers, des arachides et du coton. L'ALENA prévoit l'élimination d'à peu près tous les droits applicables aux produits d'origine échangés entre le Canada et le Mexique d'ici le 1<sup>er</sup> janvier 2003. La seconde série de réductions tarifaires « accélérées », qui couvre environ 1 milliard de dollars américains d'échanges de l'ALENA, a été mise en œuvre en août 1998. Des tarifs mexicains ont été éliminés sur certains produits canadiens comprenant le fil, les produits textiles, les produits chimiques, les matériaux d'étanchéité, certaines monnaies et d'autres produits.

Sur le plan institutionnel, la mise en œuvre de l'ALENA est dirigée par la Commission de l'ALENA composée des ministres du Commerce de chaque pays. La Commission supervise les travaux d'une trentaine des comités, groupes de travail et autres organismes subsidiaires établis dans le cadre de l'Accord pour faciliter le commerce et l'investissement et pour veiller à l'exécution et à l'administration efficaces des règles de l'ALENA. Les groupes de travail et les comités de l'ALENA fournissent également un mécanisme transparent permettant de discuter les problèmes et d'éviter les conflits, grâce à un dialogue anticipé des que des points litigieux apparaissent.

## 4. Ouverture sur les Amériques

et ce cadre continue d'évoluer avec l'économie mondiale. Une institution convient bien pour fournir les mêmes avantages au système des investissements internationaux, qui joue un rôle central dans l'évolution de l'économie mondiale. Il existe d'autre part un lien naturel entre le commerce et l'investissement. L'OMC a déjà intégré un certain nombre de règles sur l'investissement dans ses accords existants, dont l'AGCS, qui s'applique aux industries de service, et l'Accord sur les mesures concernant les investissements et liées au commerce. Cependant, l'activité d'investissement est loin d'être complètement couverte dans ces accords et, en conséquence, de nombreux pays négocient les questions relatives à l'investissement dans le cadre de divers forums régionaux et bilatéraux. Malheureusement, les accords qui en résultent n'ont qu'une portée limitée, étant donné que chaque accord n'a qu'un nombre limité de membres, ce qui aggrave la complexité des opérations sur les marchés mondiaux.

Pour contribuer à créer des règles internationales équitables et uniformes pour tous les investisseurs, le Canada et ses principaux partenaires commerciaux ont maintenant engagé des discussions sur un ensemble plus complet de règles d'investissement dans le contexte de l'OMC. Des ministres du Canada et d'autres pays membres de l'OMC ont établi un programme de travail éducatif sur l'investissement lors de la Conférence ministérielle de l'OMC qui s'est tenue en 1996 à Singapour, et avait pour mandat d'étudier les relations entre le commerce et l'investissement. Le Groupe de travail de l'OMC sur le commerce et l'investissement a fourni un forum permettant des discussions équilibrées entre les pays industrialisés et les pays en voie de développement à propos de l'investissement international et de la possibilité d'élaborer des règles dans le cadre de l'OMC. Selon les discussions qui ont lieu jusqu'à présent, les membres de l'OMC sont parvenus à la conclusion générale que l'investissement international a un effet positif sur la croissance et le développement.

En 1999, le Canada aimerait que le Groupe de travail tienne davantage d'identifier les lacunes dans les règles internationales existantes sur l'investissement. Cela nécessitera des évaluations approfondies des règles sur l'investissement déjà incorporées à l'Accord sur l'OMC et aux accords régionaux et bilatéraux sur l'investissement et aux accords régionaux et bilatéraux sur l'investissement. Une telle approche aidera le Conseil général de l'OMC à faire ses recommandations sur l'utilité d'engager des négociations dans le domaine de l'investissement. Le Canada juge la chose ultimement nécessaire si nous voulons garantir un système de réglementation appropriée. En prévision d'éventuelles négociations, le ministère des Affaires étrangères et du Commerce international consulte les intervenants canadiens pour obtenir leurs vues.

**Courrier électronique :**  
Les contributions au processus de consultations peuvent être envoyées par courrier électronique, par télécopieur ou par courrier postal :

**Courrier électronique :**  
consultations@dfait-maeci.gc.ca

**Télécopieur :** (613) 944-0757

**Courrier postal :**

Consultations sur les négociations commerciales  
Direction de la planification de la politique  
commerciale (EAI)  
Ministère des Affaires étrangères et du commerce  
international  
Edifice Lester B. Pearson  
125, promenade Sussex  
Ottawa (Ontario)

K1A 0G2

Les initiatives du gouvernement dans le domaine de l'investissement international visent principalement à établir un environnement attrayant pour les investisseurs au Canada et à assurer l'accès, la transparence et la protection pour les investisseurs canadiens à l'étranger.

## Initiatives bilatérales

Le Canada a actuellement un programme complet de négociations concernant des accords sur la protection des investissements étrangers (FIPA). Ces accords bilatéraux réciproques sont conçus pour protéger et promouvoir l'investissement étranger par l'établissement de droits et d'obligations exécutoires. Ils constituent la version canadienne de ce que l'on appelle communément les traités bilatéraux d'investissement.

Les FIPA visent à assurer l'accès et la protection des investissements canadiens dans les pays en voie de développement, où la volonté d'accorder un traitement clair, prévisible et non discriminatoire aux investisseurs étrangers est encore en pleine évolution. Un tel accord a pour utilité de fournir aux investisseurs l'assurance que les règles régissant l'investissement sont liées à une certaine norme d'équité et de prévisibilité. Ces accords peuvent aider les sociétés canadiennes à établir un niveau optimal d'investissement, à diminuer leur risque politique et à réduire un grand nombre des coûts liés aux investissements dans les économies émergentes. Ils peuvent également servir à attirer l'investissement étranger au Canada, parce qu'ils renforcent l'identité du Canada en tant que base sûre pour l'établissement d'entreprises mondiales.

Le Canada a négocié 26 accords depuis le lancement de son programme en 1989 et il négocie actuellement avec un grand nombre d'importants partenaires commerciaux et en investissement, dont la Russie, la Chine, le Brésil, l'Argentine et les Emirats arabes unis.

## Initiatives régionales

Dans le cadre de l'ALENA, le Canada a négocié en 1992 un accord général sur les investissements avec les États-Unis et le Mexique. Cet accord sur l'investissement de l'ALENA est considéré comme un modèle privilégié pouvant servir de base pour d'autres négociations sur ces questions. Il a d'ailleurs

## Organisation mondiale du commerce

servi de modèle pour les dispositions relatives aux investissements que renferme l'Accord de libre-échange Canada-Chili (ALECC), signé en 1997, ainsi que pour les autres FIPA du Canada.

Le Canada poursuit d'autre part ses discussions avec ses partenaires en investissement dans les Amériques, dans le cadre des négociations sur les investissements de la ZLEA. Ces négociations ont commencé en septembre 1998 et doivent se poursuivre tout au long de 1999. Elles ont pour objectif principal d'établir un cadre juridique équitable et transparent pour promouvoir l'investissement dans les Amériques, par la création d'un environnement stable et prévisible pour les investisseurs, sans créer d'obstacles aux investisseurs et aux investissements à l'extérieur de l'hémisphère.

En octobre 1998, le Canada a annoncé le lancement de négociations pour la conclusion d'un accord de libre-échange complet, comprenant des dispositions relatives aux investissements, entre le Canada et les pays de l'AELE, qui comprend la Norvège, la Suisse, l'Islande et le Liechtenstein. Le Canada et l'AELE ont confirmé leur volonté de conclure leurs négociations d'ici le milieu de 1999. Dans les négociations concernant les investissements, l'objectif du Canada est de développer les relations d'investissement existantes avec les pays de l'AELE et d'augmenter les perspectives d'investissement des deux côtés en élaborant un véritable régime transatlantique d'investissement fondé sur des règles multilatérales.

Le Canada participe aussi activement à des discussions régionales sur les investissements avec les économies du bassin du Pacifique, dans le cadre de l'APÉC. Par l'intermédiaire d'un programme de plans d'action individuels volontaires s'inspirant de principes d'investissement non exécutoires, les économies de l'APÉC s'efforcent de libéraliser leurs régimes d'investissement en éliminant les restrictions à l'accès aux marchés et en renforçant leur législation pour protéger l'investissement étranger. Le Canada soutient les progrès réalisés par plusieurs économies de la région Asie-Pacifique dans le sens d'une libéralisation des investissements.

Le Canada possède un marché interne riche, une main-d'œuvre très spécialisée et bien formée, des systèmes de transport efficaces et une infrastructure de télécommunications qui fait l'envie du monde entier. Le secteur privé du Canada est compétitif et à forte intensité de connaissances, en particulier dans les télécommunications, la biotechnologie, les logiciels (qui comprennent les capacités de codage), les équipements médicaux, les produits pharmaceutiques et les technologies marines. Nos excellents systèmes de protection de la santé et d'enseignement sont à la base même de notre haute qualité de vie. Le Canada reste attrayant pour les investisseurs étrangers. Après plus de dix ans de déficits élevés et d'inflation, le taux d'inflation du Canada est actuellement parmi les plus bas au monde et le budget est maintenant équilibré. Selon le Forum économique mondial, le Canada se situe au 4<sup>e</sup> rang mondial pour la compétitivité internationale, alors qu'il était au 20<sup>e</sup> rang en 1994, et l'Economist Intelligence Unit classe l'environnement économique du Canada au troisième rang sur 58 pays pour les cinq prochaines années.

Le Canada a pu obtenir ces avantages sans sacrifier ses principales valeurs économiques et sociales. Les investisseurs étrangers qui viennent au Canada sont soumis aux mêmes lois que les investisseurs canadiens, y compris celles qui visent à protéger l'environnement et celles qui établissent les normes les plus élevées dans le domaine de la main-d'œuvre, de la santé, de la construction et de la sécurité.

Mais l'investissement n'est pas une voie à sens unique. Un des aspects les plus importants de l'histoire économique récente du Canada est la rapidité de la croissance de l'investissement canadien à l'étranger. La valeur de cet investissement a plus que triplé entre 1985 et 1997, pour passer de 57,2 à 194 milliards de dollars et, en 1997, pour la deuxième année consécutive, l'investissement direct à l'étranger des entreprises canadiennes a dépassé l'investissement étranger au Canada.

L'investissement direct à l'étranger des entreprises canadiennes fait partie de leur effort stratégique visant à élargir leur part du marché et à rester compétitives dans les marchés étrangers. Les entreprises ont de plus en plus recours aux investissements à l'étranger pour renforcer leur exploitation, pénétrer de nouveaux marchés et acquérir de nouvelles technologies.

Il est important de souligner que ce genre d'investissement ne précipite pas une

« exportation d'emplois », mais qu'il se traduit en fait par une hausse du chiffre d'affaires et de la production des établissements se trouvant dans le pays d'origine. Par exemple, une étude entreprise par la Conférence des Nations Unies sur le commerce et le développement estime que plus d'un tiers du commerce mondial de produits manufacturés concerne les échanges entre des sociétés mères et leurs filiales à l'étranger.

D'autres études ont montré que la croissance, la productivité et les bénéfices des entreprises canadiennes présentes sur les marchés mondiaux sont supérieurs à ceux des sociétés axées sur l'économie interne. Nous avons également constaté que les revenus provenant des investissements directs à l'étranger du Canada ont considérablement augmenté ces dernières années, ce qui a contribué à améliorer notre niveau de vie. La croissance de l'investissement canadien à l'étranger s'est traduite par une augmentation des exportations, ce qui a eu un effet direct sur la santé économique du Canada.

Les États-Unis sont pour le Canada le plus important partenaire en investissement, car ils représentent plus de 50 p. 100 de l'investissement direct total à l'étranger, suivi du Royaume-Uni et des autres pays de l'Union européenne. Cependant, les efforts déployés par les entreprises canadiennes pour diversifier leurs opérations mondiales ont produit un développement rapide des relations d'investissement avec de nombreux autres pays, en particulier en Amérique latine et dans le bassin du Pacifique. Plus de 20 p. 100 de l'investissement direct du Canada à l'étranger se trouve maintenant dans des pays en voie de développement, et l'on prévoit que cela produira une hausse des exportations canadiennes à destination de ces pays.

La croissance de l'investissement à l'étranger des entreprises canadiennes a augmenté la demande d'une amélioration de l'accès et d'une meilleure protection pour les investissements canadiens. Cependant, les règles internationales, qui sont les outils essentiels permettant de fournir un environnement stable, transparent et ouvert pour ces mouvements internationaux d'investissement, sont encore en cours d'élaboration. Ces règles sont actuellement formulées aux niveaux bilatéral, régional et multilatéral, tel que décrit ci-dessous. Il n'existe cependant pour le moment aucun ensemble complet de règles.

Il est aujourd'hui évident que les IED au Canada et les investissements canadiens à l'étranger font maintenant partie, comme les échanges internationaux de produits et de services, des principaux moteurs de notre croissance et de notre création d'emplois. Le stock (valeur comptable) des IED au Canada a atteint 188 milliards de dollars en 1997. Simultanément, les investissements canadiens directs à l'étranger ont augmenté pour atteindre 194 milliards de dollars en 1997 et dépassé les investissements étrangers directs au Canada pour la deuxième année consécutive. Maintenant plus que jamais, il est important pour le Canada de s'efforcer de créer un environnement juste, ouvert et sûr pour les investissements internationaux, sur le territoire canadien comme à l'étranger.

Les IED ont augmenté dans le monde entier à un rythme très rapide, qui a largement dépassé le taux de croissance du commerce international et du PIB. Les investissements étrangers directs, tous pays confondus, se situent en 1997 aux environs de 400 milliards de dollars américains, ce qui représente un nouveau record mondial, alors que le stock mondial d'investissements étrangers directs atteignait un montant estimé à 3,5 billions de dollars américains. Les mouvements d'investissements destinés aux pays en voie de développement augmentent rapidement et comprennent maintenant près de 40 p. 100 des mouvements mondiaux des IED.

Depuis des années, l'investissement étranger au Canada est une source importante d'emplois, en particulier d'emplois très spécialisés, et il s'accompagne d'autres avantages en R-D et sur le plan technologique, ce qui attire de la main d'œuvre de valeur. Tous ces facteurs ont apporté une contribution réelle et durable à notre bien-être économique et social. Selon une prévision économique préparée par Industrie Canada et par le ministère des Affaires étrangères et du Commerce international, on estime que chaque augmentation de 1 milliard de dollars des nouveaux investissements reçus par le Canada peut générer jusqu'à 45 000 emplois et 4,5 milliards de dollars de PIB sur une période de cinq ans. Toujours selon cette étude, un emploi canadien sur dix et environ 50 p. 100 des exportations totales du Canada sont générées par des IED. Il faut également noter qu'une forte proportion des bénéfices produits par les nouveaux investissements est réinvestie au Canada, ce qui contribue à une hausse du taux de croissance et du niveau de vie des Canadiens.

### 3. Investissement

également une plainte de la Nouvelle-Zélande à l'égard du Canada concernant une allégation de subventions à l'exportation de produits laitiers. Un groupe spécial a également été demandé par le Japon et par la Commission européenne (CE) à propos des mesures prises par le Canada pour la mise en œuvre du Pacte de l'automobile. La CE a également demandé un groupe spécial à propos de son allégation selon laquelle le Canada viole les normes de l'OMC sur la protection de la propriété intellectuelle en permettant une exception pour la protection des brevets pharmaceutiques. Le 1<sup>er</sup> décembre 1998, le Canada demandait des consultations sur le système des certificats de protection supplémentaire de l'UE pour les produits pharmaceutiques et les produits chimiques agricoles. Des consultations avec l'UE ont eu lieu le 8 janvier 1999. Le Canada étudie actuellement les étapes suivantes. Le Canada suit activement le développement des différends commerciaux mettant en cause d'autres membres de l'OMC et participe chaque fois que nos intérêts commerciaux ou nos intérêts systémiques dans l'OMC justifient notre intervention. Le Canada s'est réservé le droit de présenter des arguments aux groupes spéciaux et à l'Organe d'appel, par exemple dans les plaintes contre la Corée et le Chili concernant les taxes sur les boissons alcoolisées.

Un examen du Mémorandum sur le règlement des différends est actuellement en cours. Dans le but de renforcer cette pierre angulaire du système multilatéral d'échanges commerciaux, le Canada participe activement à l'examen et a proposé des perfectionnements dans les domaines suivants : amélioration de la transparence dans le système, amélioration des mécanismes de mise en œuvre des recommandations et des décisions de l'ORD et mesures visant à faire en sorte que tous les membres puissent avoir accès au système de règlement des différends.

## Adhésions à l'Organisation mondiale du commerce

Les négociations se déroulent sur deux plans parallèles, multilatéral et bilatéral. Un groupe de travail de l'OMC comprenant des membres intéressés examine le régime commercial de chaque pays candidat et relève les modifications nécessaires pour que ce régime soit conforme aux critères de l'OMC. En participant aux délibérations du groupe de travail, le Canada est en mesure de veiller à ce que l'adhésion d'un pays déterminé mène à un environnement commercial plus prévisible et moins soumis à l'arbitraire.

Dans les négociations bilatérales, le Canada s'efforce d'obtenir la réduction ou l'élimination des droits tarifaires et des barrières non tarifaires qui entravent l'entrée de produits présentant un intérêt (actuel ou futur) pour les exportateurs canadiens — produits de l'agriculture et de la pêche, matières premières et produits industriels, notamment. Le Canada s'attend normalement à ce que les candidats à l'adhésion confirment formellement leurs engagements tarifaires, offrent un accès non discriminatoire à leurs marchés (par exemple dans le secteur des oléagineux) et se joignent à diverses initiatives de réciprocité et d'harmonisation élaborées par les membres de l'OMC, y compris l'ATI. Avec la dévolution des éléments tarifaires du processus de « libéralisation volontaire et rapide par secteur » (LVRS) de l'APÉC à l'OMC, le Canada fera aussi valoir ses priorités touchant la LVRS pour les négociations bilatérales d'adhésion. De même, le Canada s'efforce d'améliorer les conditions d'accès au secteur des services en essayant d'obtenir des engagements formels à l'égard des quatre principaux modes du commerce des services, soit l'offre de services, la consommation à l'étranger, la présence commerciale et la mobilité des personnes.

Les négociations sur l'adhésion offrent une occasion unique de résoudre les problèmes d'accès aux marchés auxquels le Canada doit faire face dans les marchés des pays demandeurs.

pour assurer un accès plus ouvert, non discriminatoire et prévisible aux exportations canadiennes de produits et de services vers les marchés concernés;

● pour établir des régimes commerciaux transparents et soumis aux règles dans ces marchés et contribuer par là encore davantage à la stabilité et à la prospérité économiques;

pour deux raisons :

l'augmentation du nombre d'adhérents à l'OMC

années précédentes, le Canada continuera en 1999 de jouer un rôle actif dans ces négociations. Il soutient

utilisateurs les plus actifs du système de règlement de différends de l'OMC et, jusqu'à présent, il a été en position de plaçant dans six causes en vertu du Mémorandum; il a participé aux consultations d'autres membres ou est intervenu dans les procédures de groupes spéciaux dans 30 autres causes.

Récemment, le Canada a utilisé le processus de règlement de différends pour soutenir les intérêts canadiens dans les secteurs de la pêche et de l'exploitation minière et dans le secteur aérospatial. Le 6 novembre 1998, l'Organe de règlement des différends (ORD) a adopté les rapports du groupe spécial et de l'Organe d'appel confirmant que l'interdiction par l'Australie de l'importation de saumon frais, réfrigéré ou surgelé en provenance du Canada est contraire aux obligations de l'Australie en vertu des règles de l'OMC. En particulier, les rapports ont constaté que cette interdiction, en vigueur depuis 1975, n'est pas fondée sur une évaluation des risques et qu'elle ne s'appuie sur aucune preuve scientifique. Le Canada conteste également l'interdiction par la France de la fabrication, du traitement, de la vente et de l'importation de l'amiante.

Le Canada a contesté le programme brésilien PROEX de subventions aux exportations en vertu de l'Accord de l'OMC sur les subventions et les mesures compensatoires. La décision du groupe spécial est prévue pour le milieu du mois de mars de cette année. La partie « égalisation d'intérêts » du programme PROEX prévoit le paiement de subventions pour réduire les coûts de financement des exportations brésiennes. PROEX s'applique à une grande variété d'exportations de produits et de services brésiliens, mais la plainte du Canada concerne l'application de PROEX au secteur aéronautique. Le Brésil a, pour sa part, contesté divers programmes canadiens qui soutiennent le secteur aérospatial du Canada ainsi que d'autres industries. Un groupe spécial distinct présentera son rapport sur la plainte du Brésil, également à la mi-mars.

Le Canada répond actuellement à une plainte des États-Unis concernant les subventions à l'exportation. Selon eux, le Canada accorderait sur les produits laitiers ainsi que l'administration par le Canada de limites de contingent sur le lait. Le même comité entendra

Plus de détails concernant certains différends spécifiques sont présentés dans le chapitre du pays correspondant.

## Commerce électronique

collaborons avec nos homologues de l'ABE pour déterminer s'il serait possible d'ouvrir des marchés publics dans le cadre d'un accord de libre-échange entre le Canada et l'ABE. Nous continuerons également de chercher à accomplir des progrès en ce qui concerne l'élaboration de principes non exécutoires relatifs aux marchés publics pour les économies membres de l'APÉC.

L'utilisation du commerce électronique sera l'un des facteurs les plus importants dans l'expansion des échanges commerciaux au cours du XXI<sup>e</sup> siècle. L'OMC et la ZLEA ont tous les deux lancé des programmes de travail d'une année pour examiner les aspects du commerce électronique relatifs aux échanges. Dans le cas de l'OMC, le problème clé est la mesure dans laquelle les disciplines prévues dans le cadre des accords commerciaux actuels abordent les problèmes que cause l'utilisation du commerce électronique. Dans le cas de la ZLEA, la question clé est de savoir comment aborder le commerce électronique dans le contexte des négociations de la ZLEA. Le gouvernement consultera les Canadiens à propos de l'élaboration d'une politique commerciale permettant de faciliter le commerce électronique mondial.

## Règlement de différends

Le Canada considère que le Mémorandum relatif au règlement des différends est un des résultats les plus importants de l'Uruguay Round; il est considéré à juste titre comme étant l'une des pierres angulaires de l'OMC. Il établit un système équitable, efficace et crédible de règlement des différends, auquel tous les membres peuvent accéder. Avec de nouvelles règles pour l'établissement automatique de groupes spéciaux et pour l'adoption des rapports des groupes spéciaux avec la création de l'Organe d'appel, le Mémorandum renforce la primauté du droit et contribue par la même au renforcement d'un système d'échanges multilatéraux fondé sur des règles. La confiance des membres dans le système a augmenté, comme le montre le nombre de causes qui ont été soumises et la proportion des différends qui sont réglés au niveau de la consultation. Le Canada continuera d'utiliser le mécanisme de règlement de différends de l'OMC chaque fois que nécessaire pour veiller à ce que nos exportateurs ne soient pas confrontés à des obstacles incompatibles avec les accords de l'OMC. Le Canada a été l'un des

## Marchés publics

Pour profiter du potentiel important pour le commerce international que représentent les dépenses mondiales annuelles des gouvernements, qui se chiffrent en centaines de milliards de dollars, le Canada s'est efforcé d'améliorer l'accès aux marchés dans un certain nombre de forums. L'élargissement à de nouveaux secteurs et la réduction des mesures discriminatoires qui entravent l'accès au marché américain et à d'autres marchés intéressants donneraient aux exportateurs canadiens accès à d'importants nouveaux débouchés. Pour multiplier les débouchés, le Canada appuie une gamme d'activités qui ont pour but d'élargir et de renforcer les dispositions régissant les marchés publics ainsi que d'assurer l'application effective des dispositions existantes.

Le Canada a adhéré, avec 25 autres pays, à l'Accord sur les marchés publics. L'Accord constitue une base pour l'accès garanti des fournisseurs canadiens aux marchés publics des États-Unis, de l'Union européenne, du Japon et d'autres pays et régions importants pour le Canada. L'ALENA fournit la base permettant un meilleur accès aux marchés publics des États-Unis et du Mexique.

Le ministère des Affaires étrangères et du Commerce international entreprend une série de consultations avec les parties concernées pour déterminer la meilleure façon d'aborder les questions concernant les marchés publics à l'occasion de diverses négociations. L'étape initiale de ces consultations vise principalement à établir la méthodologie permettant de déterminer les priorités canadiennes dans les ventes à des gouvernements étrangers (types de produits, marchés, etc.) à utiliser pour définir la position canadienne dans les futures négociations de l'OMC et de la ZLEA. Des opinions sont également recueillies sur un accord potentiel dans le cadre de l'OMC concernant la transparence des marchés publics, la simplification de l'Accord de l'OMC sur les marchés publics et le cadre d'un accord de la ZLEA sur les marchés publics. Par l'intermédiaire du plan d'action de l'UE établi récemment, le Canada continuera de collaborer avec ses homologues en Europe pour progresser dans l'élimination des obstacles à la vente aux organismes gouvernementaux à l'échelle mondiale, et nous

mécanisme de règlement des différends de l'OMC et le principe de la nation la plus favorisée s'appliquent à l'offre de services de télécommunications de base par tous les membres de l'Organisation. Jusqu'à présent, le Canada a rempli tous ses engagements dans les délais ou plus rapidement et annoncé les mesures prises pour mettre fin à son dernier monopole dans les télécommunications, le monopole Télecansat sur les satellites fixes, ce qui devrait avoir lieu en mars 2000. En novembre 1998, 89 des participants à l'ABT ont pris des engagements spécifiques en ce qui concerne l'accès aux marchés, le traitement national et l'application de principes réglementaires favorables à la concurrence. L'ABT ne couvre pas les services de radiodiffusion directe du satellite au foyer ou d'autres services de radiodiffusion. Les engagements pris par les pays participants seront mis en œuvre au cours de la prochaine décennie. Le Canada suivra de près l'extension de l'ABT par ses partenaires commerciaux afin d'assurer que l'industrie canadienne puisse accéder à de nouveaux marchés.

## Services professionnels

L'objectif du Canada, dans les discussions en cours au sein de l'OMC au sujet des services professionnels, est d'élargir et de rendre plus sûr l'accès des fournisseurs canadiens aux marchés, notamment dans les professions qui occupent une place importante dans le secteur des exportations. Le gouvernement, appuyé en cela par l'industrie, joue un rôle actif au sein du Comité de travail des services professionnels (CTSP) de l'OMC/AGCS, qui est chargé d'élaborer des disciplines pour ce secteur afin d'éviter que les règlements nationaux, tels que les normes techniques et les exigences relatives aux permis et aux qualifications, ne constituent des entraves commerciales dissimulées. À cet égard, le Conseil du commerce des services de l'OMC a adopté le 14 décembre 1998 les disciplines de réglementation interne du secteur de la comptabilité qui ont été élaborées par le CTSP. Cela constitue la première étape de l'élaboration de disciplines de l'AGCS concernant la réglementation interne des services. Le CTSP envisage actuellement d'étendre son programme de travail à d'autres professions, notamment dans le domaine de l'ingénierie, de l'architecture et des services juridiques.

des procédures simplifiées, et de l'harmonisation des documents et des données d'importation. Les suggestions canadiennes reflètent la vision selon laquelle l'OMC doit concentrer son action là où elle peut se montrer efficace et combler les lacunes des initiatives provenant d'autres organisations internationales, en plus de raffiner ses dispositions actuelles en matière de facilitation du commerce. Nos propositions ont pour objectif d'améliorer la transparence et la certitude décisionnelle des négociants et de stimuler les échanges de produits au-delà des frontières, tout en maintenant le respect effectif des règles commerciales et nationales. Le Canada a pour objectif la facilitation du commerce, de façon pratique et significative pour les négociants.

## FACILITER L'ACCÈS AUX MARCHÉS DES SERVICES

Le commerce des services est d'environ 1,3 billions de dollars américains annuellement. L'Accord général sur le commerce des services (AGCS) de l'OMC représente le premier ensemble multilatéral de règles exécutoires régissant les échanges de services. Il est en vigueur depuis l'établissement de l'OMC en 1995. En vertu de l'AGCS, les membres de l'OMC doivent engager en janvier 2000 d'autres négociations générales sur les échanges de services, le but étant d'atteindre progressivement des niveaux plus élevés de libéralisation. Pour préparer les négociations, les membres de l'OMC, le Canada en particulier, ont engagé des consultations avec le secteur privé afin de s'informer et de définir les points à négocier et les objectifs de ces négociations. On prévoit que le Conseil des services de l'OMC s'efforcera d'élaborer des lignes directrices et des procédures de négociation au milieu de 1999. Lors de la préparation de ces négociations, le Canada établira ses intérêts internes et ses priorités de négociation, en consultation avec l'industrie canadienne, les gouvernements provinciaux et les autres parties intéressées. Les points à considérer sont les secteurs intéressant l'industrie canadienne sur le plan des exportations, les marchés intéressant l'industrie canadienne, les obstacles actuels ou potentiels auxquels l'industrie canadienne peut être confrontée lorsqu'elle fournit des services à des marchés ou à des consommateurs étrangers, l'amélioration de l'accès aux pays qui sont des destinations d'exportation clés pour les services canadiens et la possibilité pour les Canadiens d'accéder à des services de qualité à un prix compétitif. De plus,

## Services financiers

Le marché mondial des services financiers comprend 38 billions de dollars américains en prêts bancaires, 18 billions de dollars américains en valeurs mobilières et 2 billions de dollars américains en primes d'assurance. En décembre 1997, 70 membres de l'OMC, dont le Canada, lesquels représentaient 95 p. 100 des échanges de services financiers, ont conclu une entente qui établit le premier ensemble permanent et multilatéral de règles pour les échanges de services financiers. D'autre part, certains pays ont pris des engagements spécifiques concernant les conditions dans lesquelles les institutions financières étrangères peuvent fournir des services tels que les services bancaires, les assurances, les services d'information financière et les services de titres mobilières. Le Canada a accepté le cinquième protocole de l'AGCS concernant le commerce des services financiers le 18 janvier 1999. L'Accord est entré en vigueur le 1<sup>er</sup> mars 1999. Au cours de la prochaine année, le Canada accordera une importance prioritaire à la ratification et à l'application effective de l'Accord par tous les pays dans les meilleurs délais.

## Télécommunications de base

L'Accord sur les télécommunications de base (ABT) de l'AGCS a été conclu en février 1997 et est entré en vigueur le 5 février 1998. Les pays qui ont participé aux négociations représentaient plus de 90 p. 100 des recettes mondiales de l'industrie des télécommunications. Depuis l'entrée en vigueur de l'Accord, le

Facilitation du commerce

En 1996, les ministres du Commerce de l'OMC ont donné instruction au Conseil du commerce de produits d'entreprendre, en s'appuyant sur les travaux d'autres organismes internationaux pertinents, des travaux d'étude et d'analyse sur la simplification des procédures de commerce, afin d'évaluer la portée des règles de l'OMC dans ce domaine ». Dans l'exécution de ces travaux, les membres de l'OMC ont fait un inventaire complet des travaux accomplis ou en cours sur la facilitation du commerce dans d'autres organismes internationaux, y compris des organismes non gouvernementaux.

En 1998 se tenait un symposium de l'OMC sur la facilitation du commerce dont le but était d'« aider à identifier les principaux domaines où les négociants se heurtent à des obstacles au commerce transfrontalier ». Ce symposium a permis aux responsables de la politique commerciale du gouvernement d'échanger des idées avec des négociants du secteur privé. Ces derniers ont envoyé un message clair demandant que ce soit l'OMC qui occupe le rôle clé dans ce domaine pour assurer la pleine application des obligations en vigueur qui relèvent de son ressort, comme celles ayant trait à la facilitation du commerce et pour élargir les règles en vigueur et en développer de nouvelles dans de nouveaux secteurs.

Le Canada reconnaît l'importance d'assurer la pleine application des obligations de l'OMC facilitant le commerce (par exemple, l'évaluation en douane et les règles d'origine). Le développement des règles de l'OMC sur la facilitation du commerce peut avoir d'importantes retombées. Les dispositions de l'OMC conçues pour simplifier et clarifier les procédés commerciaux peuvent entraîner des économies de coûts, tant pour les importateurs que pour les exportateurs, permettre aux gouvernements de réduire leurs coûts et d'augmenter leurs revenus, faciliter l'accès au marché mondial pour les négociants, notamment les PME, et promouvoir les investissements, et enfin, profiter à tous les consommateurs.

Lors de discussions exploratoires et analytiques, le Canada a émis certaines suggestions spécifiques et pratiques autour desquelles les dispositions de l'OMC en matière de facilitation du commerce pourraient être développées, notamment dans les domaines des décisions anticipées, de l'utilisation du contrôle de l'évaluation des risques, des révisions et des appels,

les changements concernant les lois et les pratiques des recours commerciaux des partenaires commerciaux les plus importants du Canada; il présentera ses observations lorsque nous essaierons dans certaines négociations pour elles-mêmes.

Le Canada continue de contribuer aux travaux des comités de l'OMC sur les subventions, les pratiques antidumping et les sauvegardes, pour veiller à ce que tous les membres administrent leurs lois sur les recours commerciaux de façon conforme aux règles de l'OMC. Le Canada continue de travailler dans le contexte de l'Accord de l'OMC sur les subventions et les mesures compensatoires ainsi que du Comité sur l'agriculture, pour assurer l'exécution convenable et l'expansion éventuelle des disciplines de subventions négociées dans le cadre de l'Uruguay Round. Le Canada continuera de faire le nécessaire pour que l'exécution des engagements pris par les membres à l'égard des subventions à l'exportation ne soit pas contreprise de telle façon qu'elle produise des distorsions dans le commerce, en particulier dans le cas des produits sensibles au prix.

Règles d'origine

L'Accord sur les règles d'origine de l'OMC a établi un programme de travaux afin d'élaborer des règles communes d'origine concernant les échanges non préférentiels. Le Canada continue de poursuivre son objectif, qui est de parvenir à l'établissement de règles communes permettant d'assurer une meilleure transparence et une plus grande certitude pour les commerçants, d'empêcher les pays d'utiliser les règles d'origine pour limiter l'accès aux marchés et de disposer de règles techniquement acceptables, pour tenir compte de la nature mondiale de la production et de l'approvisionnement en produits et matières premières.

Il avait été prévu que le programme de travaux se terminerait en juillet 1998; cependant, la complexité technique à surmonter pour parvenir à convenir de règles pour tous les produits était telle que le programme de travail a été prolongé. Les membres de l'OMC examineront en juin 1999 l'exécution prévue de l'examen technique effectué par le Comité de l'Organisation mondiale des douanes à Bruxelles, le but étant d'achever les négociations le plus rapidement possible.

obstacles aux échanges commerciaux. Le Comité des mesures sanitaires et phytosanitaires de l'OMC facilite l'amélioration des conditions de sécurité des aliments et des conditions sanitaires au niveau international, soutient l'harmonisation des mesures de divers pays et l'adoption d'équivalences entre elles, et favorise la coopération et les consultations techniques. Le Comité procède actuellement à son premier examen du fonctionnement et de l'application de l'Accord.

Depuis la mise en application de l'Accord, le Canada a eu recours à plusieurs reprises aux procédures de règlement de différends de l'OMC pour contester la légitimité de mesures sanitaires ou phytosanitaires prises par ses partenaires commerciaux. Dans le cadre de l'OMC, le Canada a eu des consultations avec la Corée à propos des exportations canadiennes d'eau embouteillée, ce qui a permis de parvenir à un règlement bilatéral; il a participé à des groupes spéciaux de l'OMC concernant les exportations canadiennes de boeuf vers l'Union européenne et les exportations canadiennes de saumon à destination de l'Australie; et il a eu des consultations, dans le cadre de l'OMC, avec l'Union européenne à propos des exportations canadiennes de bois d'œuvre. Le 6 novembre 1998, l'Organe de règlement des différends de l'OMC a adopté les rapports du groupe spécial et de l'Organe d'appel, selon lesquels l'intervention par l'Australie de l'importation de saumon canadien frais, réfrigéré et surgelé est incompatible avec les obligations sanitaires et phytosanitaires de l'Australie. Le Canada continuera à contester les mesures sanitaires et phytosanitaires étrangères qui sont discriminatoires sans motif valable à l'égard de nos exportations.

### Recours commerciaux

Le Canada continue de considérer comme une priorité la poursuite de l'amélioration des disciplines, de la transparence et de la clarté dans l'utilisation des recours commerciaux par ses partenaires commerciaux. L'importance de cet objectif est évidente, étant donné que de nouveaux utilisateurs non traditionnels de recours commerciaux continuent d'engager des enquêtes. Par exemple, au cours de l'année passée, des enquêtes antidumping de l'Indonésie et de l'Inde sur les importations de papier journal canadien ont été conclues sans l'application de droits supplémentaires, et une enquête de la Chine sur le même produit se poursuivait. En 1999, le Canada continuera d'aider les exportateurs canadiens faisant l'objet d'enquêtes concernant les exportations canadiennes et d'analyser

de règlement des différends au sein de l'OMC. Le Canada a été l'un des premiers pays à demander que soit instituée une procédure de règlement des différends en vertu de ces dispositions; il a obtenu gain de cause dans un différend relatif aux règlements, jugés inéquitables, de la France concernant l'étiquetage des pétroles. Le Canada a engagé des procédures de règlement de différends dans le cadre de l'OMC à propos de l'interdiction par la France de l'utilisation de l'amiante chrysotile, dans le but de résoudre ce problème. Le Canada encourage l'acceptation générale et le respect de l'Accord sur les obstacles techniques au commerce international et le Code de bonne pratique (qui s'applique aux normes facultatives). Par exemple, il a demandé et obtenu que les programmes étrangers d'étiquetage écologique respectent le Code sur les obstacles techniques au commerce. En vertu de l'Accord de l'OMC sur les obstacles techniques, le Canada continuera de faciliter l'accès aux marchés en réclamant que soient abolies les entraves au commerce liées à des normes non essentielles, ce qui permettrait d'abaisser les coûts de production et d'exportation. Parmi les activités axées sur la réalisation de cet objectif, on peut citer les efforts en vue d'accroître la transparence des règlements et de les modifier au besoin, l'harmonisation des normes sur le plan international et avec celles de nos partenaires commerciaux et la négociation d'accords de reconnaissance mutuelle (ARM) sur les évaluations de conformité. Le Canada participe activement au programme de travail continu qui fait suite à la révision triennale des obstacles techniques au commerce international de 1997, en se concentrant sur les questions pratiques qui intéressent directement ses exportateurs. Le Canada participe aussi aux activités de l'Organisation internationale de normalisation (ISO), plus particulièrement dans les domaines des normes de systèmes de gestion. Il a été parmi les premiers pays à élaborer l'infrastructure nécessaire pour l'adoption, par les industries canadiennes, des normes ISO 14000 de système environnemental, ce qui a facilité nos exportations en répondant aux exigences des clients étrangers.

### Mesures sanitaires et phytosanitaires

L'Accord de l'OMC sur l'application des mesures sanitaires et phytosanitaires reconnaît le droit des membres de prendre les mesures nécessaires pour la protection de la vie ou de la santé humaine, animale ou végétale et il établit des disciplines visant à empêcher un recours inapproprié à de telles mesures pour camoufler des

Dans tous les chapitres, pays par pays, de ce document, nous décrivons des mesures spécifiques prises par des pays particuliers ayant un effet sur les exportations canadiennes. Nous précisons également ce que fait le gouvernement canadien à l'égard de ces mesures.

## Libéralisation plus poussée des droits de douane

En 1998, le Canada a travaillé, avec d'autres membres de l'Accord de l'OMC pour l'élimination de droits sur les produits pharmaceutiques spécifiques, à l'extension du commerce en franchise de droits à un plus grand nombre de produits, dont les infants. Cet effort a abouti à une entente sur l'ajout de 639 articles supplémentaires; la mise en application est prévue pour le 1<sup>er</sup> juillet 1999.

À leur sommet annuel, qui s'est tenu en Malaisie en novembre 1998, les membres de l'APÉC ont convenu d'envoyer à l'OMC les résultats de leurs travaux sur la libéralisation du commerce sectoriel. Le Canada s'efforcera d'élargir la participation à cette initiative à d'autres membres de l'OMC. Les secteurs prioritaires du Canada relevés dans le cadre de l'APÉC sont les produits forestiers, le poisson et les produits de la pêche et les produits et services environnementaux. Les autres secteurs sont les produits chimiques, l'énergie, les gemmes et bijoux, les équipements médicaux et instruments scientifiques et les jouets. (Pour plus d'information, voir également la section concernant l'APÉC.)

Le Canada participe également à des travaux préparatoires de l'OMC permettant de faciliter toute négociation future concernant l'accès aux marchés, dont les tarifs sur les produits industriels et le poisson. En 1999, le Canada continuera de participer pleinement aux travaux de l'OMC pour établir la portée, les modalités et le contenu de toute nouvelle négociation sur les tarifs industriels, pour discussion à la Troisième Conférence ministérielle de l'OMC qui aura lieu en décembre 1999.

## Agriculture

Le commerce mondial des produits agricoles est de 0,5 billion de dollars américains annuellement. Le Canada s'efforce de veiller, par sa participation au processus d'analyse et d'échange d'information du Comité de l'Agriculture de l'OMC, à ce que l'accès aux marchés et les autres engagements négociés lors

## Obstacles techniques au commerce

L'objectif du Canada est de veiller à ce que les mesures concernant les normes, généralement établies dans le but de protéger la santé, les consommateurs ou l'environnement, ne se traduisent pas par un traitement discriminatoire des produits canadiens. Ces mesures comprennent notamment les règlements techniques obligatoires, les normes facultatives et les méthodes d'évaluation de la conformité qui permettent de déterminer si un produit satisfait aux exigences d'un règlement ou d'une norme donnée. L'Accord de l'OMC sur les obstacles techniques au commerce international définit les obligations et droits des membres relativement à l'élaboration et à la mise en œuvre de mesures relatives aux normes qui ont des répercussions défavorables sur le commerce. L'Accord repose sur le principe que les pays ont le droit d'adopter et d'appliquer des normes dans la mesure où celles-ci ne restreignent pas le commerce international plus qu'il n'est nécessaire. Les désaccords concernant les obstacles techniques peuvent faire l'objet de procédures

de l'Uruguay Round soient intégralement respectés. L'objectif à long terme du Canada est de renforcer le régime commercial multilatéral de l'agriculture. L'application de règles communes à tous les pays est importante pour améliorer l'accès du Canada aux marchés mondiaux, non seulement pour les produits agricoles en vrac, mais aussi pour les produits de consommation et les produits intermédiaires, qui représentent maintenant 36 et 25 p. 100, respectivement, de nos exportations de produits agroalimentaires. En 1999, le Comité de l'agriculture continuera le processus informel d'analyse et d'échange d'information qu'il a amorcé en 1997. Ce processus tient lieu de programme de travail préparatoire au lancement d'une nouvelle série de négociations multilatérales sur l'agriculture à la fin de 1999. Au Canada, le gouvernement est engagé dans un processus général de consultations avec les parties intéressées, dont le secteur agroalimentaire et les provinces, pour veiller à ce que les intérêts du Canada fassent l'objet d'un débat complet et éclairé avant que ces négociations ne débutent. Ces consultations seront couronnées par une conférence que les ministres fédéral et provinciaux de l'Agriculture tiendront en avril 1999 pour discuter des objectifs du Canada pour les nouvelles négociations avec les représentants de l'industrie. La position initiale du Canada pour ces négociations sera définie à la fin de 1999 et résultera du processus de consultation interne.

grande transparence des activités de l'OMC est essentielle au soutien continu par le public du système de commerce multilatéral. L'existence d'un processus transparent à une importance primordiale au moment où les membres se préparent pour la Troisième Conférence ministérielle et pour d'autres négociations. Le Canada continue de soutenir les contacts réguliers entre les organismes multilatéraux et la société civile, sachant que les intérêts du public doivent être entendus et que le public doit avoir une meilleure compréhension des enjeux et du processus de négociation.

## FACILITER L'ACCÈS AUX MARCHÉS DES PRODUITS

### Accord sur la technologie de l'information

L'Accord de 1997 sur la technologie de l'information (ATI) prévoyait l'élimination progressive, d'ici l'an 2000 (ou plus tard, dans le cas de certains produits et de certains pays), du tarif de la nation la plus favorisée (NPF) à l'égard d'une vaste gamme de produits de technologie de l'information (ordinateurs, logiciels, matériel de télécommunications, semi-conducteurs et instruments scientifiques). Le commerce international des produits de ce secteur est évalué à 500 milliards de dollars américains annuellement. Les exportations canadiennes de ces produits se sont chiffrées à 17 milliards de dollars canadiens en 1998.

Les 44 membres de l'ATI comprennent la plupart des principaux partenaires commerciaux du Canada, dont les États-Unis, l'Union européenne, le Japon, la Corée, Singapour, le Taipei chinois, Hong Kong, la Suisse, l'Australie, la Malaisie, la Thaïlande et l'Inde. Bien que la plus grande partie des pays de l'Amérique latine restent à l'extérieur de l'ATI, le Costa Rica et le Salvador en sont membres et, en 1998, le Canada a eu le plaisir de se joindre aux autres membres pour accueillir Panama dans le groupe.

En 1998, le Canada et les autres participants ont examiné les produits couverts, dans le but d'en élargir la liste. Bien qu'il se soit avéré impossible de parvenir à un consensus, ces efforts continueront en 1999. Dans le domaine des mesures non tarifaires, les participants de l'ATI ont commencé à examiner les politiques de normes et les procédures d'évaluation de conformité des membres. Le Canada participera en 1999 à l'élargissement de ce travail au domaine des licences d'importation.

Pour préparer ces négociations, en tenant compte de l'interdépendance croissante des questions internes et internationales de politique commerciale, le gouvernement canadien a décidé de se lancer dans un processus de prise de contact et de consultation générale visant le secteur des affaires du Canada, les provinces, d'autres groupes d'intérêt et le public. En définissant des objectifs clairs, pratiques et faisant l'objet d'un consensus général, le Canada sera bien préparé à s'engager pleinement, de façon constructive et efficace, dans le développement continu d'un système de commerce international ouvert et équitable. La position initiale de négociation du Canada sera formulée à la fin de 1999 et résultera du processus de consultation interne.

Les contributions au processus de consultations peuvent être envoyées par courrier électronique, par télécopieur ou par courrier postal :

#### Courrier électronique :

consultations@dfait-maecti.gc.ca

Télécopieur : (613) 944-0757

#### Courrier postal :

Consultations sur les négociations commerciales  
Direction de la planification de la politique commerciale (EAI)  
Ministère des Affaires étrangères et du commerce international

Edifice Lester B. Pearson  
125, promenade Sussex  
Ottawa (Ontario)

K1A 0G2

Une plus grande libéralisation du commerce va également dans l'intérêt des pays en voie de développement (PVD), car elle facilitera leur intégration dans le système de commerce international. Les PVD ont réalisé des progrès considérables lors de l'Uruguay Round, mais ils restent préoccupés par l'exécution par les pays développés de leurs engagements à l'égard de l'OMC. Le Canada considère que ces préoccupations devraient être prises en compte lors de la Troisième Conférence ministérielle de l'OMC. Un soutien plus cohérent des institutions multilatérales pour aider les PVD à exécuter leurs engagements à l'égard de l'OMC et à se préparer pour les prochaines négociations.

De plus, comme le ministre Marchi l'a précisé le 9 février 1999, lors de sa déclaration devant le Comité permanent des affaires étrangères et du commerce international de la Chambre des communes, une plus

L'accès aux marchés mondiaux exige un régime commercial ouvert et équitable à l'échelle internationale. L'OMC, formée en 1995 pour prendre la relève du GATT (Accord général sur les tarifs douaniers et le commerce), est la pierre angulaire du système mondial d'échanges; elle surveille l'application et le fonctionnement des accords commerciaux multilatéraux et contribue à faire respecter les règles qui régissent les échanges. Les accords conclus par les pays membres et fondés sur les règles de l'OMC sont à la base des relations commerciales bilatérales que le Canada entretient avec tous les autres pays membres de l'OMC.

Pour le Canada, pays dont l'économie dépend étroitement des échanges commerciaux, l'existence de règles internationales efficaces est essentielle pour assurer une croissance économique stable et empêcher d'autres puissances économiques d'avoir des comportements imprévisibles. Le Canada a joué un rôle important dans la création de l'OMC et participe à l'ensemble de ses activités. En 1998, ayant acquis une plus grande expérience du système de l'OMC, le Canada a pu passer de la création à la mise en œuvre de règles de pratique commerciale loyale pour augmenter la libéralisation et la simplification des échanges commerciaux.

Le Canada participe activement à plusieurs forums multilatéraux qui influencent et orientent les débats sur la politique commerciale internationale. Nous participons activement aux discussions du G-7/8 grandes puissances concernant les questions économiques et politiques, à la réunion annuelle des ministres du Commerce de la Quadrilatérale (États-Unis, UE, Japon et Canada), à l'OCDE, aux institutions et organismes économiques des Nations Unies, la ZLEA et à l'APEC. Notre participation à ces rencontres a pour but de veiller à ce que les intérêts commerciaux stratégiques du Canada soient bien compris et promus de façon cohérente et efficace.

En décembre 1999, le Canada participera à la Troisième Conférence ministérielle de l'OMC. Au cours de la conférence, il est prévu que de nouvelles négociations portant sur les services, l'agriculture et possiblement d'autres secteurs ou sujets seront entamées. Pour se préparer à cette conférence, les membres de l'OMC s'efforcent de relever les problèmes à traiter ainsi qu'à préparer les recommandations à présenter aux ministres du Commerce. Ces recommandations couvrent plusieurs questions : la mise en application des ententes établies, le programme de travail continu, les négociations prévues et la portée et les modalités des nouvelles négociations.

## 2. Pour une

amélioration

des règles

internationales

l'Organisation

mondiale du

commerce

complément utile aux divers groupes de consultation sectoriels sur le commerce extérieur (GCSCÉ). Nous accueillons particulièrement les commentaires des exportateurs et des investisseurs au sujet des obstacles auxquels ils doivent faire face sur les marchés étrangers. Nous encourageons les particuliers, les entreprises et les associations industrielles et autres qui pourraient être intéressés à communiquer avec le MAECI lorsqu'ils ont des renseignements spécifiques sur des barrières tarifaires ou non tarifaires ou sur d'autres irritants à l'étranger. Les gens d'affaires attirent fréquemment l'attention des délégués commerciaux canadiens et d'autres représentants du MAECI (par exemple, des spécialistes dans le domaine de l'agroalimentaire ou celui de l'investissement basés dans les marchés internationaux) sur des situations qui nécessitent une intervention à l'échelle locale pour défendre leurs intérêts ou corriger une injustice. Souvent ces problèmes sont portés à l'attention de l'Administration centrale du MAECI pour être étudiés dans le cadre de la stratégie d'accès au marché. Les gens d'affaires sont invités à signaler les problèmes qu'ils rencontrent en s'adressant de façon strictement confidentielle au service suivant :

« Alerte aux obstacles étrangers »

au commerce et aux investissements »

Ministère des Affaires étrangères

et du Commerce international

125, promenade Sussex

Ottawa (Ontario) K1A 0G2

Télécopieur : (613) 992-6002

Courrier électronique : [cat@dfait-maect.gc.ca](mailto:cat@dfait-maect.gc.ca)

Le MAECI invite également les gens d'affaires à se tenir au courant de ses politiques en matière d'accès aux marchés et d'autres aspects du commerce en consultant ses sites Web ([www.dfait-maect.gc.ca](http://www.dfait-maect.gc.ca) ou [www.exporthsource.gc.ca](http://www.exporthsource.gc.ca)). On y trouvera des renseignements complémentaires au sujet de plusieurs des questions abordées dans le présent document.

**Ministères et organismes fédéraux  
appartenant à l'Agence de commerce  
virtuel en direct Équipe Canada inc**

Ministère des Affaires étrangères et du

Commerce international

Industrie Canada

Agriculture et Agroalimentaire Canada

Société pour l'expansion des exportations

Agence canadienne de développement international

Conseil national de recherches

Statistique Canada

Corporation commerciale canadienne

Environnement Canada

Société canadienne d'hypothèques et de logement

Développement des ressources humaines

Transports Canada

Patrimoine canadien

Ressources naturelles Canada

Revenu Canada

Affaires indiennes et du Nord canadien

Conseil national des produits agricoles

Développement économique Canada

Agence de promotion économique du

Canada atlantique

Diversification de l'économie de l'Ouest.

pays qui ont entrepris de libéraliser leur économie (le Mexique et le Chili, par exemple) pour exploiter les situations avantageuses engendrées par ces efforts. La nomination de délégués commerciaux supplémentaires dans les marchés prioritaires en voie d'expansion aide les fournisseurs et les investisseurs canadiens à profiter au maximum de l'ouverture de nouveaux débouchés.

**N'hésitez pas à nous contacter  
si vous faites affaire à l'étranger**

Le MAECI consulte l'industrie au sujet des questions d'accès aux marchés par l'intermédiaire du Conseil consultatif nouvellement créé dans le secteur privé par Équipe Canada inc, qui fournit des conseils relativement à la promotion des débouchés et à la politique commerciale. Cet organisme s'adresse plus directement aux milieux des affaires et apporte un

développement des échanges commerciaux et des investissements en améliorant le système de règles dans lequel se déroulent ces activités. De plus, le Canada poursuit ses priorités en matière d'accès aux marchés dans le cadre d'initiatives complémentaires telles que les accords bilatéraux de libre-échange récemment conclus avec le Chili et Israël, la ZLEA, le *Plan d'action Canada-UE*, l'APÉC et les négociations avec les pays de l'AELE en vue d'un éventuel accord de libre-échange. Le Canada se sert de toutes ces initiatives pour améliorer l'accès de ses entreprises aux marchés étrangers tout en assurant la promotion des valeurs canadiennes telles que le respect de l'environnement et les normes du travail.

## Accès aux marchés et développement du commerce et des investissements

L'amélioration de l'accès aux marchés est un élément essentiel de la stratégie du gouvernement fédéral visant à multiplier les possibilités d'expansion du commerce international. Les programmes du gouvernement destinés à promouvoir le commerce et l'investissement, qui comprennent les missions commerciales d'Équipe Canada à l'étranger — missions qui ont connu beaucoup de succès — et les programmes « Nouveaux exportateurs », incitent les exportateurs et les investisseurs canadiens, en particulier les petites et moyennes entreprises (PME), à tirer pleinement parti des débouchés qu'offrent les marchés mondiaux. L'expansion du réseau de service d'Équipe Canada inc, lequel comprend maintenant 20 organismes fédéraux, a pour but de fournir un service à guichet unique aux entreprises canadiennes. Cela se traduit par une meilleure coordination stratégique entre les trois principaux ministères concernés par la promotion du commerce international, soit le ministère des Affaires étrangères et du Commerce international (MAECI), l'Industrie Canada et Agriculture et Agroalimentaire Canada.

Les efforts concertés du gouvernement en vue de faciliter l'accès aux marchés étrangers sont en parfaite harmonie avec les activités de marketing pour la promotion du commerce et des investissements présentées dans le plan d'affaires triennal d'Équipe Canada inc. Par exemple, les « équipes volantes » d'intervention pour les débouchés internationaux, récemment créées par le MAECI et composées de délégués commerciaux, sont envoyées dans des

sérieusement aggravée par des problèmes internes, collant les liens entre la stabilité économique et politique ainsi que la perte de confiance dans les marchés naissants, dont ceux de l'Amérique latine. Les marchés de l'Amérique latine sont touchés malgré les progrès réalisés dans de nombreux pays au cours de la dernière décennie sur le plan des politiques macro-économiques et des réformes structurelles.

Les observateurs accordent de plus en plus d'importance à la capacité du système monétaire et financier international de faire face aux réalités de la nouvelle économie mondiale. Le Fonds monétaire international (FMI) estime maintenant que la croissance économique mondiale sera de 2 p. 100 pour 1998, en baisse par rapport aux estimations antérieures, qui étaient de 3 à 3,5 p. 100. Jusqu'à présent, la crise n'a eu qu'un effet négatif modeste sur la croissance mondiale (les prévisions de croissance de 1998, qui étaient de 3,5 p. 100, ont été ramenées à 2,9 p. 100). Cependant, comme nous l'avons dit ci-dessus, les provinces de l'Ouest, en particulier la Colombie-Britannique et l'Alberta, sont plus durement touchées et le dollar canadien a subi des pressions, malgré la bonne santé générale de l'économie.

On a pu observer une certaine amélioration des marchés mondiaux vers la fin de 1998, mais il y a encore de sérieux défis à relever, ce qui prendra un certain temps. Le présent document décrit les mesures prises par le gouvernement canadien pour aider les exportateurs et les investisseurs canadiens à surmonter les obstacles auxquels ils sont confrontés sur les marchés étrangers.

## Initiatives canadiennes d'élimination des obstacles

La vigueur que connaissent les exportations canadiennes ces dernières années est principalement attribuable aux politiques poursuivies par le gouvernement pour améliorer l'accès au marché américain et aux autres marchés étrangers, et pour promouvoir l'amélioration et l'expansion du champ d'application des règles internationales qui régissent le commerce et les investissements.

La mise en œuvre de l'ALE en 1988, de l'Accord de libre-échange nord-américain (ALENA) en 1994 et des accords de l'OMC en 1995 ont favorisé le

# Événements de 1998 ayant contribué à l'amélioration de la situation des marchés mondiaux :

- efforts des pays du G-7 en vue de renforcer l'architecture financière internationale, dont des propositions de nouveaux arrangements de financement du FMI et de la Banque mondiale, pour éviter toute tendance à la déstabilisation résultant de la contagion du marché, et proposition par le Canada d'un processus d'examen pour soutenir la promotion et la mise en œuvre de lignes directrices convenables pour le secteur financier;
- progrès favorables à une entente sur une augmentation des quotas du FMI et sur les nouveaux arrangements d'emprunt, dont la combinaison permettra de fournir au FMI des ressources supplémentaires de 90 milliards de dollars américains;
- engagement de ressources importantes par le Japon pour renforcer son système financier et stimuler son économie; l'utilisation rapide et efficace de ces ressources et la mise en œuvre rigoureuse du plan complet de revitalisation financière sont des conditions préalables essentielles au rétablissement de la confiance du marché et de la croissance, non seulement au Japon mais également dans toute la région asiatique;
- baisses de taux d'intérêt aux États-Unis, au Japon, au Canada, au Royaume-Uni, en Italie et dans plusieurs autres pays européens, ce qui contribuera à maintenir une croissance vigoureuse et non inflationniste;
- lancement de l'euro, prochaine étape de l'Union économique et monétaire européenne, qui se traduira par une réduction des coûts des transactions de change et par une plus grande certitude pour les affaires dans l'UE;
- engagements de politique économique et budgétaire du Brésil pour lui permettre de surmonter les tendances du marché international et de promouvoir une croissance durable; l'exécution de ces engagements bénéficiera de l'aide récemment annoncée des mesures d'assistance financière soutenues par le FMI;
- progrès réalisés dans de nombreux pays d'Asie pour établir le fondement d'une reprise.

## Crise financière mondiale

Le présent document fait fréquemment allusion aux effets prolongés sur la stabilité économique mondiale de ce qui a commencé par une crise financière en Asie. La plupart des économies de l'Asie enregistrent une croissance négative. La crise de la Russie, reflète la croissance économique stable du Canada. Le niveau élevé d'activité économique qui en découle d'investir dans l'économie interne (voir la figure 7). d'équipement induit que les entreprises continuent La croissance des importations de machines et a augmenté comparativement aux niveaux de 1997. catégories principales de machines et d'équipement En 1998, la valeur des importations de toutes les par rapport à leur part en 1997, qui était de 33 p. 100. de la valeur totale des importations, une augmentation machines et d'équipement représentait 33,4 p. 100 En 1998, la valeur des importations canadiennes de l'économie mondiale. continuera de placer le Canada parmi les leaders merciaux a facilité ce processus de ajustement et politique canadienne d'ouverture des échanges com- vers une économie axée sur les connaissances. La fait partie intégrante de notre orientation progressive bureau. La croissance des exportations de ces secteurs industriels spécialisés, les aéronautiques et l'équipement de par exemple les télécommunications, les équipements de pointe dont le contenu intellectuel est le plus élevé, spécialisation du Canada dans certaines des industries Cependant, ces résultats illustrent également la

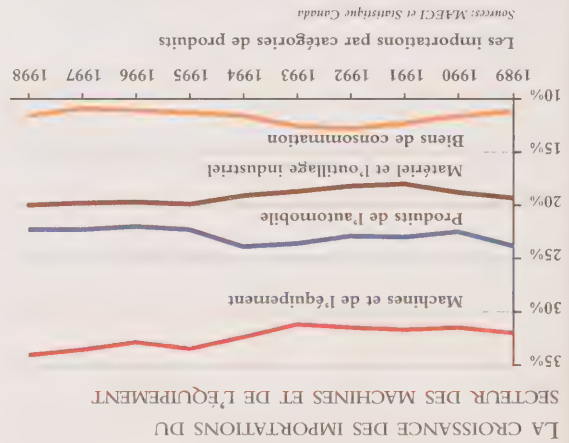


Figure 7

**Diversification du commerce du Canada — le secteur des machines et de l'équipement prend une position de leader dans les exportations**

Pour analyser les exportations des producteurs canadiens, nous avons traditionnellement suivi un certain nombre de catégories générales de produits. Ce suivi a permis de constater que le secteur automobile se situe au premier rang des exportations du Canada. Cependant, on a pu observer pendant toutes les années 1990 une forte tendance à la croissance des

Les mouvements d'investissement du Canada concentrent une grande variété de secteurs, mais le secteur des finances et celui des assurances ont connu une croissance particulièrement forte ces dernières années. Bien que la majorité des investissements soient encore destinés aux États-Unis et à l'Union européenne, les investissements canadiens directs dans les pays en voie de développement ont augmenté régulièrement au cours de la dernière décennie. Le Canada est dans un monde où le commerce et l'investissement vont croissant.

par an. En 1998, ils ont augmenté de 39,8 milliards de dollars, ce qui était supérieur à l'investissement direct au Canada pour la troisième année consécutive (voir la figure 5). Ce niveau de l'investissement à l'étranger a apporté des avantages, sous forme d'occasions d'exportation de produits et de services et d'accès à de nouvelles technologies, ressources et aptitudes, ce qui contribue globalement à une plus grande création d'emplois au Canada.

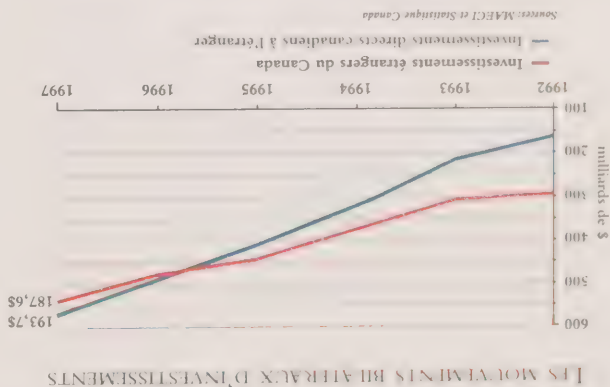


Figure 5

La catégorie « machines et équipements » désigne un ensemble de secteurs qui produisent une grande variété de machandises, dont le matériel et l'outillage industriel, le matériel de technologie de l'information, l'équipement de télécommunications, les machines agricoles, le matériel de construction, les aéronefs, le matériel ferroviaire et de transport urbain et l'équipement médical, de même que les pièces et composants. La vigueur des résultats obtenus dans chacun de ces secteurs a contribué à diversifier la base des exportations du Canada et à créer ainsi dans le pays une demande d'emplois portant sur une grande variété de compétences de haut niveau. Pendant les années 1990, les emplois très spécialisés ont connu une croissance vigoureuse de 22 p. 100 au Canada (pratiquement équivalente à celle des États-Unis), alors que la croissance des emplois de vente, de service et d'administration n'était que de 2 p. 100 et que les emplois de cols bleus ont baissé de 1 p. 100. Étant donné que 85,2 p. 100 des exportations canadiennes de machines et d'équipement étaient destinées aux États-Unis, il est évident que les niveaux impressionnants atteints par les exportations de ces produits sont dus au moins en partie à la demande d'investissement en pleine expansion de ce marché.

LA CROISSANCE DES EXPORTATIONS DU SECTEUR DES MACHINES ET DE L'ÉQUIPEMENT

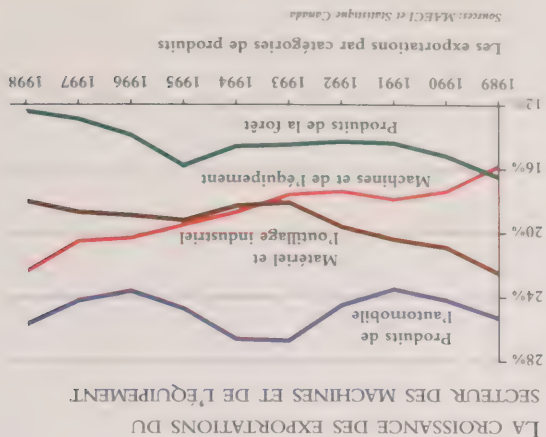


Figure 6

Sources: M&E et Statistique Canada

En 1998, ils représentaient 47,6 p. 100 des exportations de services et 45,7 p. 100 des importations de services (voir la figure 4). Les services de voyage et de transport font également partie des principaux secteurs ayant contribué à la croissance du commerce des services en 1998. Dans une économie mondiale interdépendante, l'expansion des échanges de produits et des investissements étrangers s'accompagne d'une hausse du commerce des services, en particulier dans les services à haute productivité en ce qui concerne le Canada. C'est ainsi que l'amélioration de la capacité du Canada de conquérir des marchés étrangers se traduit par une croissance des services aux entreprises et des emplois à rémunération élevée pour les Canadiens.

Figure 4

GAIN IMPORTANT DANS LE COMMERCE DES SERVICES COMMERCIAUX À FORT CONTENU INTELLECTUEL

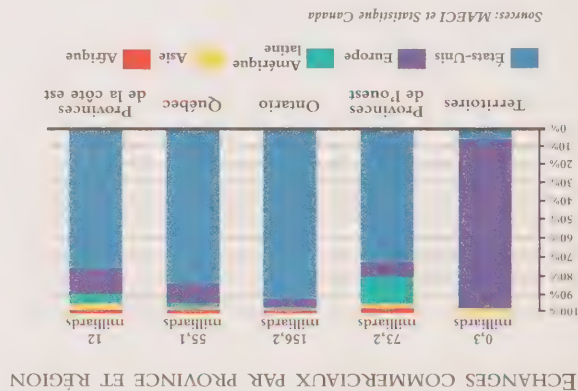
	1992	1998	1992	1998
Total des services (milliards)	37,35	52,15	25,15	43,75
Total des services commerciaux à fort contenu intellectuel (milliards)	14,15	23,85	11,15	20,85
Total de la part des services commerciaux à fort contenu intellectuel	38%	45,7%	44%	47,6%

Sources: MABCI et Statistique Canada

**Les mouvements bilatéraux d'investissements ont renforcé les liens internationaux du Canada et préparé le terrain pour le développement futur des échanges commerciaux**

Au cours de la dernière décennie, les mouvements des investissements étrangers directs (IED) dans le monde se sont développés plus rapidement que le commerce international ou le PIB. L'augmentation du IED au Canada entre 1993 et 1997 a atteint en moyenne 11,5 milliards de dollars par an. En 1998, les mouvements d'IED à destination du Canada ont augmenté de 22,9 milliards de dollars. La forte augmentation des investissements étrangers au Canada inuent de considérer le Canada comme un lieu en 1998 signifie que les investisseurs étrangers continuent de considérer le Canada comme un lieu d'investissements rentable. Cette croissance des investissements étrangers au Canada se traduit par une hausse de la productivité, ce qui stimule la production et les exportations favorisant ainsi la création d'emplois au Canada. Entre 1993 et 1997, les investissements directs du Canada à l'étranger ont atteint en moyenne 17,8 milliards de dollars

Figure 3



canadiennes de produits. Les excellents résultats obtenus par l'Ontario et le Québec à l'exportation étaient dus principalement aux ventes internationales de matériel et d'équipement et de produits de l'industrie automobile. L'Ontario est restée la province la plus fortement liée aux États-Unis, 92 p. 100 de ses exportations de 1998 y étant destinées. Le Québec, l'Île-du-Prince-Édouard et le Nouveau-Brunswick ont également expédié plus de 80 p. 100 de leurs exportations aux États-Unis. Les provinces de l'ouest et de la côte Est avaient des liens commerciaux relativement vigoureux avec d'autres marchés d'outre-mer (voir la figure 3). La Colombie-Britannique et la Saskatchewan, dont les exportations vers l'Asie représentaient respectivement 27 et 18 p. 100 du total de leurs exportations, étaient les deux provinces les plus fortement orientées vers les marchés de l'Asie. En particulier, leurs exportations de produits forestiers et agricoles ont été le plus durement touchées par la crise économique de l'Asie. Pour leur part, 19 p. 100 des exportations de Terre-Neuve et 13,3 p. 100 de celles de la Nouvelle-Écosse étaient destinées à l'Union européenne.

## Gain important dans les services commerciaux à fort contenu intellectuel

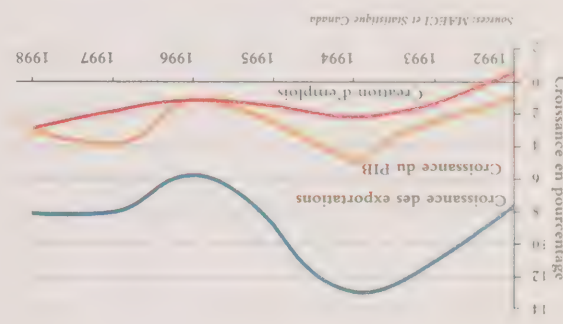
Les exportations de services du Canada ont atteint 43,7 milliards de dollars et les importations 52,1 milliards de dollars en 1998. Les services commerciaux occupaient une place importante dans le commerce des services canadiens. Les services commerciaux à fort contenu intellectuel sont l'ingénierie, la technologie des communications, les services financiers, les services de recherche et développement (R-D) et les services de gestion.

# L'amélioration de l'accès au marché continue de favoriser le commerce et la croissance économique du Canada

Le commerce international du Canada continue de contribuer à la croissance de l'économie, à la réduction des déficits et à la création d'emplois. En termes réels, en 1998, les exportations canadiennes de produits et de services ont connu une croissance de 8,1 p. 100, supérieure à la croissance de 3 p. 100 du produit intérieur brut (PIB) du Canada (voir la figure 1). La part des exportations réelles dans le PIB du Canada se situe maintenant à 38,6 p. 100, ce qui place le Canada au premier rang des pays du G-7/8 pour les échanges commerciaux.

Figure 1

LA CROISSANCE DE L'ÉCONOMIE, LA RÉDUCTION DU DÉFICIT ET LA CRÉATION D'EMPLOIS



Sources: MATEC et Statistique Canada

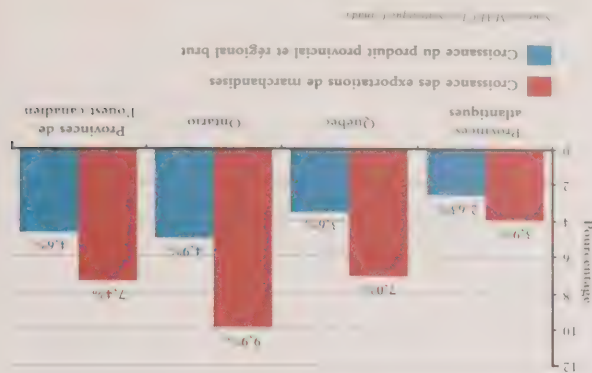
En 1998, les résultats commerciaux du Canada étaient dus en partie à la vigueur économique continue de certains de nos principaux partenaires commerciaux, en particulier des États-Unis, à la baisse de valeur de notre dollar par rapport aux devises étrangères et aux efforts entrepris pour permettre au Canada de conquérir les marchés étrangers. Une étude ministérielle récente constate que l'amélioration de l'accès aux marchés résultant de l'Accord de libre-échange entre le Canada et les États-Unis (ALE) et de la libéralisation du commerce dans le cadre de l'OMC/GATT était la raison principale de la hausse considérable des exportations canadiennes depuis 1990. Les relations commerciales particulières que le Canada entretient avec les États-Unis ont également contribué à limiter l'effet défavorable sur l'ensemble de notre commerce du ralentissement économique de l'Asie et d'autres pays à économie émergente.

## Les échanges commerciaux ont également stimulé la croissance économique provinciale et régionale

Les avantages d'une plus grande ouverture des échanges commerciaux pour les consommateurs et les producteurs canadiens ont été de nouveau illustrés par une solide croissance des importations en 1998. Les importations de produits et de services ont augmenté de 6,4 p. 100 en 1998 par rapport à la période correspondante de 1997, ce qui signalait la vigueur des investissements internes et de la demande des consommateurs. L'achat de matériel, d'équipement et de services commerciaux connexes ont soutenu l'expansion de la capacité de production du Canada. La hausse des importations devrait donc permettre de prévoir une hausse de la productivité et des emplois au Canada au cours des prochaines années.

Figure 2

LA CROISSANCE ÉCONOMIQUE PROVINCIALE ET RÉGIONALE



Sources: MATEC et Statistique Canada

Les données relatives au commerce de marchandises qui figurent dans le présent document sont des chiffres préliminaires rendus publics par Statistique Canada le 19 février 1999. Tout mention

# 1. Introduction

Maintenant plus que jamais, le bien-être et la prospérité des Canadiens exigent l'établissement d'un climat favorable au commerce international et aux investissements. Bien que les Canadiens connaissent le succès dans leurs activités d'exportation, leur aptitude à exploiter pleinement les débouchés qui s'offrent sur certains marchés importants est souvent assujettie à diverses contraintes. Pour assurer aux exportateurs et investisseurs canadiens un accès sûr et prévisible aux marchés mondiaux, le gouvernement poursuivra ses efforts en vue d'éliminer ces obstacles sur les marchés clés. Cela signifie qu'il faut renforcer les institutions et les règles qui régissent le commerce et les investissements internationaux, établir des relations avec de nouveaux partenaires et veiller à ce que les autres pays respectent leurs engagements. Cela veut dire aussi qu'il faut faciliter le commerce en concluant avec nos partenaires des accords visant à rationaliser les procédures douanières, offrir de nouveaux itinéraires plus directs pour les voyages, permettre l'entrée temporaire des gens d'affaires, reconnaître les titres de compétences professionnelles canadiens à l'étranger et éviter la double imposition.

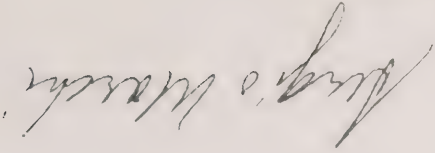
Le présent document, *Ouverture sur le monde : Priorités du Canada en matière d'accès aux marchés internationaux — 1999* présente les résultats les plus importants obtenus au cours de l'année écoulée pour ouvrir de nouveaux débouchés et décrit les priorités du gouvernement pour 1999 dans le but d'améliorer encore davantage l'accès aux marchés étrangers. Le gouvernement poursuivra cet objectif sur trois plans : sur le plan multilatéral, dans le cadre de l'Organisation mondiale du commerce (OMC) et de l'Organisation de coopération et de développement économiques (OCDE); sur le plan régional, dans le cadre de forums tels que le mécanisme de Coopération économique Asie-Pacifique (APEC) et la Zone de libre-échange des Amériques (ZLEA); sur le plan bilatéral, dans le cadre des relations avec certains partenaires importants, dont les États-Unis, l'Union européenne (UE), le Japon et par la négociation d'un accord de libre-échange avec les pays de l'Association européenne de libre-échange (AELE).

de la croissance de l'économie nationale. C'est l'automobile assemblée à Windsor, mais fabriquée avec de l'acier produit à Hamilton, de l'aluminium du Québec, du zinc de la Colombie-Britannique, des plastiques de l'Ontario et des composantes électroniques venues de partout au pays. Le commerce est synonyme de vrais emplois pour des gens en chair et en os. En fait, un emploi canadien sur trois dépend du commerce. C'est pourquoi je suis fermement convaincu que les Canadiens doivent contribuer au processus lorsque nous nous préparons en vue de nouvelles négociations.

Afin d'en savoir davantage sur ce que le gouvernement fait pour que les Canadiens continuent de réussir sur les marchés internationaux, je vous invite à prendre connaissance de notre *Plan de promotion du commerce international*, qui devrait être publié à la mi-avril 1999, ainsi que des rapports annuels de 1998 de la SFE et de la CCC. Vous voudrez peut-être également visiter le site Web du ministère des Affaires étrangères et du Commerce international ([www.dfait-maeci.gc.ca](http://www.dfait-maeci.gc.ca)) où nous affichons régulièrement des informations sur les questions en cours de négociation.

Réduire les barrières commerciales pour les Canadiens à l'étranger n'est pas une mince tâche. C'est pourquoi je demande instamment à tous les Canadiens de nous aider à y parvenir en nous signalant les difficultés auxquelles ils se heurtent à l'étranger. Comme l'ont montré les très fructueuses missions Équipe Canada du premier ministre, les Canadiens réussissent mieux lorsqu'ils travaillent ensemble. J'anticipe le plaisir de travailler avec vous pour faire en sorte que nous continuions de réussir dans le domaine vital du commerce et de l'investissement dans le monde.

Le ministre du Commerce international,



Sergio Marchi

continuerons également d'améliorer les conditions d'accès par les voies bilatérales avec certains pays, comme nous l'avons fait avec Israël et le Chili, et comme nous le faisons actuellement avec les pays de l'Association européenne de libre-échange (AELE), à savoir la Norvège, la Suisse, l'Islande et le Liechtenstein. Et, naturellement, nous resterons toujours aux aguets pour saisir les nouvelles occasions de préserver et d'améliorer l'accès au marché de notre plus important partenaire commercial, les États-Unis. Le gouvernement dispose de deux moyens pour améliorer l'accès aux marchés : l'expansion du commerce international et la négociation. L'expansion du commerce international, c'est ce à quoi travaillent tous les jours nos délégués commerciaux, qui ont des bureaux dans chacune des grandes agglomérations canadiennes et dans plus de 100 villes à l'étranger. Ils écoutent les Canadiens qui veulent faire des affaires à l'étranger, et les aident à éviter les embûches. Ils collaborent avec la Société pour l'expansion des exportations (SBE), qui offre des facilités de financement et d'assurance des exportations de premier choix, ainsi qu'avec la Corporation commerciale canadienne (CCC), qui aide les fournisseurs canadiens à remporter des contrats d'exportation adjugés par des gouvernements étrangers et des organisations internationales. Ils connaissent à fond les politiques commerciales et d'investissement de nos partenaires commerciaux et s'assurent que ceux-ci respectent les règles du jeu. Il arrive cependant qu'il faille changer ces règles. Et c'est là qu'interviennent nos négociateurs. J'entends bien les garder très occupés à améliorer notre position concurrentielle à l'étranger. Ils travaillent actuellement sur un accord de libre-échange entre le Canada et l'AELE, sur les accessions à l'OMC, sur les accords de protection des investissements étrangers et sur toute une gamme d'autres initiatives exposées dans *Ouverture sur le monde*. Ils se préparent également aux négociations sur la ZLEA et à de nouvelles négociations commerciales multilatérales en menant des consultations auprès de tous les Canadiens. Il est essentiel que nous consultions les Canadiens, parce que le commerce et l'investissement internationaux ne sont pas des choses qui se produisent « ailleurs » et qui concernent « les autres ». Il s'agit au contraire de la création d'emplois locaux et

## MESSAGE DU MINISTRE DU COMMERCE INTERNATIONAL



Quelle bonne année pour être ministre canadien du Commerce international! Je dis cela parce que, pendant l'année écoulée, les entreprises canadiennes — grandes et petites — ont exporté ensemble pour plus de 367 milliards de dollars de produits et services. Il s'agit d'un autre record pour les Canadiens à ce chapitre — le septième de suite. Et nous voulons ajouter à ces succès dans les années à venir.

Pour cela, nous allons devoir maintenir notre appui aux gens d'affaires canadiens qui découvrent de nouveaux marchés et continuer de répondre à leurs besoins. Leurs réussites sur les marchés étrangers nous ouvrent encore plus d'horizons pour assurer notre prospérité économique dans l'avenir. Leurs observations sur les obstacles auxquels ils se heurtent et leurs idées quant à la façon de les surmonter nous sont absolument indispensables. Leur sens des affaires contribue directement aux efforts déployés par le gouvernement pour développer les marchés internationaux et faire en sorte qu'ils demeurent ouverts aux exportateurs canadiens.

Un thème revient constamment dans nos discussions avec les Canadiens, celui de l'accès au marché. Les Canadiens peuvent damer le pion aux meilleurs sur la scène mondiale s'ils jouissent des mêmes conditions d'accès aux marchés. Dans le document *Ouverture sur le monde : Priorités du Canada en matière d'accès aux marchés internationaux — 1999*, nous recensons les domaines où il reste encore

du travail à accomplir pour que les exportateurs et les investisseurs canadiens jouissent des mêmes conditions d'accès que leurs concurrents, et nous expliquons ce que le gouvernement entend faire à cet égard en 1999. De façon générale, nous continuerons de recourir à l'Organisation mondiale du commerce (OMC) pour trouver des moyens nouveaux et plus prévisibles d'accéder aux marchés aussi bien des pays qui sont déjà membres de cette organisation, que de ceux qui sont en voie de le devenir, par exemple la Russie, l'Ukraine, la Chine, le Taïpei chinois et l'Arabie saoudite. Nous passerons aussi par des mécanismes régionaux, comme la Zone de libre-échange des Amériques (ZLEA) et l'APÉC (Coopération économique Asie-Pacifique). Nous





La présente publication et les renseignements supplémentaires sur les exportations sont disponibles en ligne au [www.dfait-mact.gc.ca](http://www.dfait-mact.gc.ca) ou au [www.exportsource.gc.ca](http://www.exportsource.gc.ca).  
Sauf mention contraire, les sommes d'argent indiquées dans le présent document sont en dollars canadiens.

*Ouverture sur  
le monde*  
Priorités du Canada  
en matière d'accès aux  
marchés internationaux,  
1999





*Ouverture*  
*sur le monde :*  
Priorités du Canada  
en matière d'accès aux  
marchés internationaux  
1999







